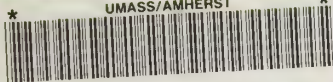


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Massachusetts Land Bank.

THE COMMONWEALTH OF MASSACHUSETTS

GOVERNMENT LAND BANK



ANNUAL REPORT

JULY 1, 1975 ~ JUNE 30, 1976

GOVERNMENT DOCUMENTS
COLLECTION
JAN 17 1977
University of Massachusetts



THE COMMONWEALTH OF MASSACHUSETTS

GOVERNMENT LAND BANK

L. EDWARD LASHMAN, JR., CHAIRMAN
WILLIAM F. MCCALL, JR., VICE CHAIRMAN
THEODORE C. LANDSMARK, SECRETARY

ALFRED W. ARCHIBALD
WILLIAM A. DAVIS, JR.
BARBARA L. FEGAN
MAURICE N. KATZ
LAWRENCE C. SULLIVAN
JOHN R. BUCKLEY, EX OFFICIO

MASSACHUSETTS GOVERNMENT LAND BANK

ANNUAL REPORT

July 1, 1975 - June 30, 1976

Term of Office

L. Edward Lashman, Jr.	-- Chairman	-----	3 years	
Alfred A. Archibald	-----	Unspecified	-----	2 years
William A. Davis, Jr.	----	Real Estate Law	-----	2 years
Barbara L. Fegan	-----	Planner	-----	1 year
Maurice N. Katz	-----	Real Estate Finance	-----	2 years
Theodore C. Landsmark	----	Employment Development	-----	1 year
William F. McCall, Jr.	---	Industrial Development	-----	3 years
Lawrence C. Sullivan	-----	Organized Labor	-----	1 year
John R. Buckley	-----	Secretary of Administration and Finance		ex-officio

At their first meeting, August 12, 1975, the Board of Directors voted William F. McCall, Jr. as Vice-Chairman and Theodore C. Landsmark as Secretary to the Board of Directors.

Organization - Advisory Boards to the Board of Directors

In addition to the Board of Directors, the Legislation establishes three local Advisory Boards at Boston, Chelsea and Chicopee/Ludlow to advise the Land Bank. Each Advisory Board has eleven members: eight appointed by the local government and three appointed by the Governor.

A. Boston

Mayor White appointed the following people to the Boston Advisory Board in September 1975:

Ann Aicardi	Henry Johnson
Christopher Callahan	Robert Kenney
Augustus Charbonnier	Andrew Olins
Mary Colbert	Michael Westgate

The following members were appointed to the Boston Advisory Board by the Governor on August 26, 1976:

*Bernard O'Donnell	Harold Stoddart, Jr.
--------------------	----------------------

The Governor soon thereafter appointed Elliot K. Friedman as the last member to the Boston Advisory Board.

B. Chelsea

Philip Spelman, then Mayor of Chelsea, appointed the following people to the Chelsea Advisory Board on July 1, 1975:

* Subsequently elected Chairperson of Advisory Board



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Grant Bennett
*Mary O'Malley
John Tierney, Jr.
Florence Lipp Gross

Val Kowalski
John J. Slater, III
Rev. Edward Kurdziel
Richard Voke, Esq.

The Governor appointed the following people to the Chelsea Advisory Board on August 26, 1975:

[illegible]

C. Chicopee/Ludlow

Edward J. Ziemba, then Mayor of Chicopee, appointed the following people to the Westover Advisory Board on July 2, 1975:

Kenneth R. Brochu
Ted C. Jarrett

John Saunders
Gregory Z. Szyluk

The Board of Selectmen of the Town of Ludlow appointed the following people as members of the Westover Advisory Board on September 16, 1975:

Jacques Jacobus
Kenneth Gauthier

Robert Mishol
*Frank Petrolati, Jr.

The Governor appointed the following members to the Westover Advisory Board on August 26, 1975:

Ruth A. Campbell Natalie C. George
Roy A. Scott

Organization - Staff

In accordance with C. 212 of the Acts of 1975, Herbert Shanker was appointed Treasurer of the Government Land Bank in August of 1975.

At the same time, the Board of Directors gave the Chairman authority to appoint a legal counsel for the Government Land Bank. Subsequently the firm of Gaston Snow and Ely Bartlett was appointed.

The Board of Directors appointed Ms. Maureen S. Steinbruner as Executive Director of the Government Land Bank effective February 1, 1976.

The Executive Director subsequently made the following appointments:

Mr. Con E. Howe, Deputy Director
Ms. Gail J. Soares, Administrative Assistant
Ms. Mary C. Findley, Secretary.

* Subsequently elected Chairperson of Advisory Board

ACTIVITIES FOR THE FISCAL YEAR JULY 1, 1975 - JUNE 30, 1976

The Board of Directors to the Government Land Bank has held seven meetings during the fiscal year:

August 12, 1975	December 9, 1975
September 9, 1975	February 17, 1976
October 14, 1975	April 6, 1976
June 1, 1976	

During their first year of business, the Directors and staff have worked on each of the sites.

Boston

Charlestown

Ongoing staff discussions have been held during the fiscal year, with the Boston Redevelopment Authority, regarding the development of the Charlestown site.

South Boston

In September 1975, the City of Boston's Economic Development and Industrial Corporation asked the Government Land Bank to acquire the South Boston Naval Annex and resell it to the EDIC, with financing, in order to create the Boston Marine Industrial Park. The Directors, staff and legal counsel of the Land Bank worked with the EDIC to develop and evaluate this proposal.

At their September meeting the Board of Directors authorized the Chairman to enter negotiations with the General Services Administration on the purchase of \pm 121 acres at the South Boston Naval Annex on behalf of the EDIC.

In November, the EDIC occupied the South Boston Naval Annex under a protection and maintenance agreement with the GSA.

In December, the Board of Directors received EDIC's plan for creating a Boston Marine Industrial Park. At their meeting that month, the Directors voted to approve a motion to purchase the South Boston Naval Annex from the General Services Administration for a price not to exceed \$4.2 million for real property and a price not to exceed \$700,000 for related personal property.

Braswell Shipyard Inc., a ship repair firm leasing property at BMIP, in January began ship repair work on the U.S.S. Yosemite that was to employ approximately 350 workers.

In May, EDIC submitted a formal grant application to the U.S. Economic Development Administration for \$5 million to be used on site improvements. The following month the Boston City Council and the Mayor approved the EDIC Redevelopment Plan including an appropriation of \$2.3 million to EDIC for the project.

Throughout the year, the Land Bank and the EDIC have studied several development possibilities for the South Boston site. Some of these proposals are: an automotive assembly plant; a foreign trade zone; and fishing vessel construction and repair.

In February, an effort to attract the Volkswagen Corporation's new American assembly plant was undertaken jointly with EDIC and Senator Bulger's office. Preliminary investigation by an automotive engineering firm suggested that the Annex offered excellent potential for conversion to a mass production facility. A transportation study and a labor market study were undertaken in conjunction with a March site visit by a Volkswagen official responsible for the American site selection. VW expressed further interest and a follow-up trip to Germany was made by the Executive Director, Senator Bulger, and consultants. The Legislature had indicated support by making funds available for the VW project. Although VW did not choose the Boston site, the strength of their interest has led to continuing efforts at development of the automobile assembly plant concept for possible presentation to other manufacturers.

The Land Bank staff and legal counsel began an intensive study on the questions of title to the South Boston property including the possibility of reversion of title to a portion of the site to the Commonwealth. The ability to acquire a clear title to the property will be essential to the site's future economic re-use.

The staff has also begun work with the Land Bank's legal counsel, EDIC staff, and the state environmental staff on appropriate consideration and review of the environmental impact of the site's re-use.

Chelsea

In July 1975, the City of Chelsea proposed to buy the 88 acre Chelsea Naval Hospital site from the the GSA, with the intention to immediately resell it to a developer for housing construction. The City designated River Park Realty Co. as developers of the site, under the condition that there be no subsidized rental units.

The City's negotiations with the GSA over the acquisition price for the property were unsuccessful and in March 1976, the City requested Land Bank assistance. The Government Land Bank contracted the services of an appraiser in March 1976, and received a preliminary valuation study on the Chelsea Naval Hospital site in April.

In May the City requested the Government Land Bank to acquire the Chelsea Naval Hospital site on their behalf.

At their June 1, 1976 meeting the Board of Directors of the Government Land Bank passed a motion authorizing the Chairman and staff to explore the possible conditions of sale of the Chelsea site with the GSA and to study the site's redevelopment potential, and to report back to the Board.

Westover

On April 6, 1976 the Board of Directors met at the Westover Air Force Base. At this time the Westover Metropolitan Development Corporation (WMDC) made a presentation of their work thus far at the site. This included a Master Plan for the site, studies on housing and air facilities, a financial plan, review of existing tenants, and the WMDC's plans to acquire an 873 acre tract on the Ludlow side of the base.

Later in the year, at the time the GSA declares the property surplus and available for purchase, the WMDC intends to make a proposal to the Land Bank to acquire two tracts on the Chicopee side of the base: one 230 acre tract for industrial development and a 70 acre area of existing base housing.

EDA GRANT

In December the staff received approval from the Board of Directors to apply for a Technical Assistance grant from the U.S. Economic Development Administration. The Government Land Bank received a T.A. grant of \$125,000 effective May 15, 1976 for a period of one year.

The money from the technical assistance grant is intended to underwrite initial administrative funding for the Land Bank until the anticipated revenue stream from its developed property can be generated.

FILING OF AMENDMENTS

After the passage of C. 212 of the Acts of 1975, certain corrective changes were needed to correct errors in the language of the law. These changes were incorporated in Chapter 461 of the Acts of 1975 which became effective on July 11, 1975.

On September 11, 1975, Chapter 599 of the Acts of 1975, "An Act relative to the terms of certain notes to be issued the Commonwealth" was signed into law. This act was necessary to set the terms of the notes that finance the Land Bank's activities.

During the 1976 legislative session, two bills were submitted in the Senate on behalf of the Government Land Bank.

Senator William M. Bulger submitted Senate 66, an amendment which refers to the Commonwealth's claim that the title to certain portions of the Boston Naval Shipyard legally reverts to the Commonwealth. This claim has been pressed with the federal government during the negotiations for sale of the Boston Naval Shipyard. With the passage of this amendment, and upon acquisition of the property, the Land Bank, on behalf of the Commonwealth, can hold and dispose of a clear title to the site. A clear, insurable title will be essential for the future economic development of the site.

The second bill also submitted by Senator Bulger is Senate 67, "An Act clarifying the law creating the Government Land Bank." This amendment includes thirteen sections, incorporating technical changes to Chapter 212 of 1975 which created the Government Land Bank. These changes include language making explicit the Bank's power to contract, to repair property it owns, and set the terms of its property disposition arrangements. The changes were recommended by the Bank's counsel to clarify any possible vagueness in the original bill.

Also included in S. 67 is language permitting the Secretary of Administration to appoint a designee to vote in his stead at Board meetings (Section 1); making clear that the Fargo area in South Boston is included in the definition of the Boston Navy Yard as originally intended (Sections 3, 8, and 10); making sure that Administration and Finance can complete administration of any aspects of the program as may be necessary after the Bank expires (Sections 12 and 13); and correcting a one-word error in Chapter 212 (Section 9).

FINANCING

The Government Land Bank has two main sources of funding at this time. The first is \$40 million dollars which is provided through C. 212 of the Acts of 1975. This money is raised as needed through the sale of general obligation notes of the Commonwealth by the Commonwealth's Treasurer. The second source of funding is a grant from the U.S. Economic Development Administration for \$125,000 to the Massachusetts Government Land Bank. Although the grant agreement was received and accepted in this fiscal year, no money was received prior to July 1, 1976.

An account of the state money is appended to this report.

COMMONWEALTH OF MASSACHUSETTS
Government Land Bank
Statement of Funds Received and Expended
February 1, 1976 to June 30, 1976

Exhibit A

FUNDS RECEIVED:

Government Land Bank Fund	\$40,000.00	
Miscellaneous Revenue	100.00	
Interest Received (Savings Account)	<u>25.06</u>	\$40,125.06

FUNDS EXPENDED:

Salaries	\$22,213.27	
Less--Income Taxes and Retirement Withheld at June 30, 1976 (*)	<u>2,355.18</u>	19,858.09
Consultant Services		25.00
Contract Services		7,119.33
Other Outside Services		1,249.10
Promotional Expenses		279.87
Travel and Expenses:		
Directors	477.46	
Advisory Board Members	13.24	
Staff (See Schedule 1)	3,068.42	
Other	<u>95.74</u>	3,654.86
Rental of Office Equipment		132.30
Rental of Other Equipment		67.50
Office Supplies		306.20
Postage and Freight		189.56
Printing and Publications		45.00
Telephone and Telegraph		1,342.52
Miscellaneous		.81
Insurance		200.00
Petty Cash Imprest Fund		<u>50.00</u>
		34,520.14

FUNDS AVAILABLE AT JUNE 30, 1976\$ 5,604.92

*Payable in July

COMMONWEALTH OF MASSACHUSETTS

Government Land Bank
Statement of Funds Expended, Non-Cash
Expenses and Liabilities
June 30, 1976Exhibit A
Schedule 1

FUNDS EXPENDED (PER EXHIBIT A)

\$34,520.14

NON-CASH EXPENSES AND LIABILITIES AT JUNE 30, 1976:

Accrued Interest Payable	\$ 859.92
Income Taxes and Retirement Withheld	2,355.18
Accrued Legal and Professional Fees	6,436.00
Accrued Rental of Office Equipment	88.20
Accrued Travel Expenses --Staff	301.00
--Other	66.80
	<u>10,107.10</u>

Less:

Travel Expenses--Staff to be Reimbursed (See Exhibit A)	\$1,520.02	
Prepaid Part of Insurance Expense	116.70	
Petty Cash Imprest Fund	50.00	1,686.72
		<u>8,420.38</u>

FUNDS EXPENDED, NON-CASH EXPENSES AND LIABILITIES\$42,940.52

COMMONWEALTH OF MASSACHUSETTS

Exhibit 3

Government Land Bank
Balance Sheet
June 30, 1976ASSETS AND DEFICITASSETS

Cash in Banks and on Hand	\$ 5,654.92
Accounts Receivable	1,520.02
Prepaid Insurance	<u>116.70</u>
	7,291.64

<u>DEFICIT (SEE SCHEDULE 1)</u>	<u>42,815.46</u>
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<u>TOTAL ASSETS AND DEFICIT</u>	<u>\$50,107.10</u>
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LIABILITIES

Due to Employees	\$ 102.84	
Accrued Expenses	6,892.00	
Accrued Interest Payable	859.92	
Income Taxes and Retirement Withheld	<u>2,252.34</u>	10,107.10

Government Land Bank Fund		<u>40,000.00</u>
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<u>TOTAL LIABILITIES</u>		<u>\$50,107.10</u>
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Statement of Deficit
June 30, 1976Exhibit B
Schedule 1

FUNDS EXPENDED	\$34,520.14
NON-CASH EXPENSES AND LIABILITIES (NET)	<u>8,420.38</u>

42,940.52

Less--Revenues and Interest Received	<u>125.06</u>
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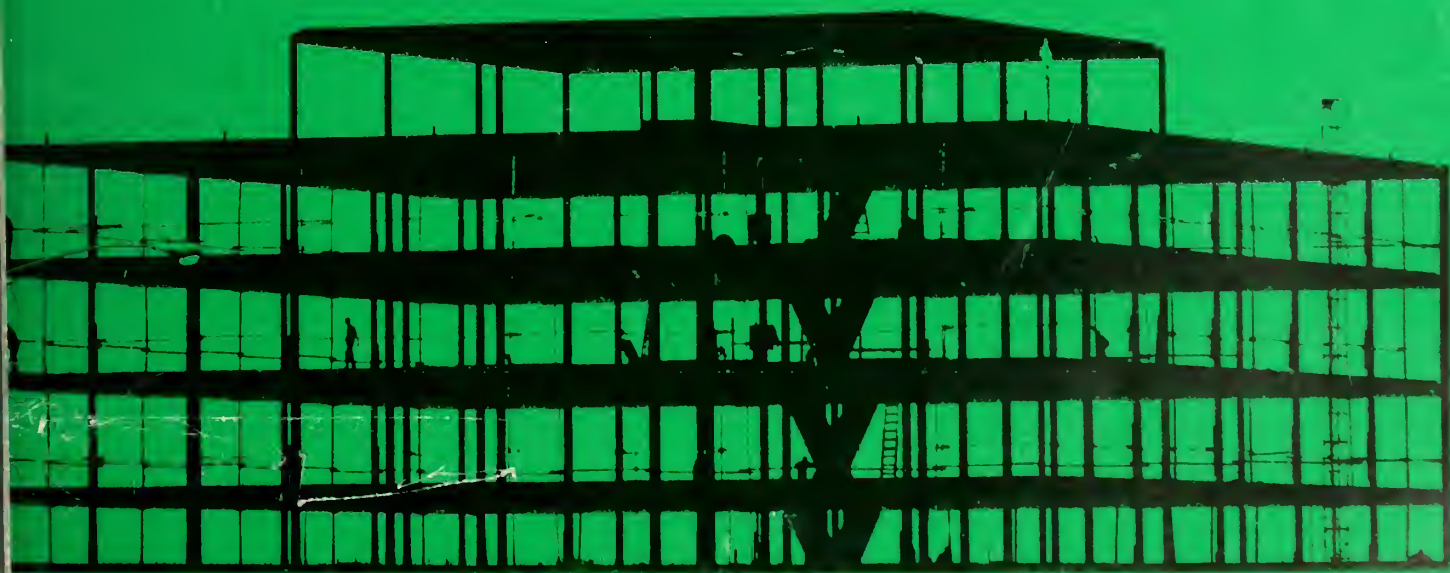
<u>DEFICIT (SEE EXHIBIT B)</u>	<u>\$42,815.46</u>
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SS. Y3.LB1: 980

GOVERNMENT LAND BANK

COMMONWEALTH OF MASSACHUSETTS

1980 ANNUAL REPORT





Commonwealth of Massachusetts

Government Land Bank

One Ashburton Place, Room 2109
Boston, Massachusetts 02108
(617) 727-8257

William F. McCall, Jr., Chairman
Barbara Fegan, Vice Chairman
Theodore C. Landsmark, Secretary
Alfred W. Archibald
Mary Kelligrew Kassler
Maurice N. Katz
Carolyn P. Partan
Lawrence C. Sullivan
Edward T. Hanley, ex officio
Byron Mathews, ex officio
Jeffrey A. Simon, Executive Director

September, 1980

The Governor
The Chairman, Senate Ways and Means
Committee
The Chairman, House Ways and Means
Committee
The Secretary, Administration
and Finance
The Comptroller
Gentlemen:

We are pleased to herewith transmit the Fiscal Year 1980 Annual Report of the Government Land Bank. This year witnessed the greatest change in the function and capability of the Land Bank.

It was a year of fiscal progress. Despite the fact that Government Land Bank Bonds are General Obligation Bonds guaranteed by the Commonwealth, the Land Bank for the first time was able to transmit to the State Treasurer sufficient funds to service all its own debts. In addition, we were able to cover all of our administrative expenses and at the end of the year to show a surplus of income over expenses of \$40,521. This is a significant improvement over the operating statements of prior years which suffered from the lack of income inherent in the start-up of projects. The Land Bank is thus currently able to operate at no expense to the Commonwealth.

It was a year of progress on all of our military base conversion efforts. The development pace of each project quickened. Signs of progress include the increased sale of property at the Westover Industrial Airpark, the addition of many tenants at the Boston Marine Industrial Park, and the beginning of construction at the Charlestown Naval Shipyard by the Boston Redevelopment Authority. Full scale development at the Chelsea Naval Hospital began in December of this year when the Land Bank purchased this property from the federal government. Two weeks later the Land Bank began demolition work of almost \$1,000,000 which will precede the development of a major new housing initiative.

Perhaps most significantly, the ability of the Land Bank to assist cities and towns throughout the Commonwealth with their development problems was greatly enhanced this year through the passage of Chapter 762 of the Acts of 1979. This legislation, more fully described in the pages following, allows the Land Bank to work on state and federal surplus property as well as property in cities and towns that is found to be a "substandard, decadent or blighted open area." In addition, the Legislature granted broad authority to the Land Bank to improve its property through construction, rehabilitation, renovation, demolition or any necessary action to bring this under-utilized and overlooked property to the point where private development becomes feasible. Thus far under the new legislation the Land Bank has been requested to assist with many different kinds of projects. For example, among the projects submitted to us for funding are requests to assemble property for office, housing and park development in the City of Cambridge, to do site preparation and construction of piers for new fish processing facilities in Gloucester, and to buy and rehabilitate an old, deteriorating tax-title mill building in North Adams.

In the coming year we will see which of these projects will come to fruition. The tremendous demand expressed by cities and towns for a comprehensive and flexible program anticipated in the revised Land Bank legislation, however, gives us great hope for the future.

In summary, the Land Bank is now entering an exciting new stage in its development. We have basically completed the planning necessary for successful conversion of military bases to civilian use. The projects at all of these military bases are well under way. As we enter this new phase of responsibility, we are able to take the expertise gained during the years of work on completed military base conversion projects and apply these lessons to general redevelopment problems experienced by cities and towns across the Commonwealth.

It is with a sense of great expectation and enthusiasm that we prepare for these new endeavors in order to become a new tool for the continued growth and development of the Commonwealth.

We invite your examination of the reports contained in the following pages.

Sincerely,

Jeffrey A. Simon
Executive Director

William F. McCall, Jr.
Chairman, Board of Directors

INTRODUCTION

The most significant event of the last fiscal year was the expansion of the Land Bank's authority. In February of 1980, legislation enabling the Land Bank to finance redevelopment projects in all cities and towns across the Commonwealth became effective. This legislation, Chapter 762 of the Acts of 1979, was submitted and enacted in the previous year.

The move to expand the Land Bank's legislated authority evolved from its experience with the South Boston Naval Annex, the Charlestown Naval Shipyard, Westover Air Force Base, and the Chelsea Naval Hospital. In the previous five years, the Land Bank has worked to fulfill its legislative mandate to assist cities and towns redevelop these closed military bases through long-term mortgage financing and technical assistance. By 1979, each of the bases was well on its way to successful conversion. The South Boston Naval Annex was converted to the well-tenanted and profitable Boston Marine Industrial Park. Primarily through the efforts of the Boston Redevelopment Authority, the Charlestown Naval Shipyard was designated as a National Historic Park with some portions redeveloped for commercial and residential uses. A large area within the Westover Air Force Base was converted to an industrial park. Redevelopment plans were approved and demolition begun at the Chelsea Naval Hospital. Proposals were prepared to renovate homes left at Westover Air Force Base.

New Legislative Authority

The Land Bank is now able to assist cities and towns implement local development projects in qualified areas. Specifically, the Land Bank's new authority enables it to finance redevelopment projects for three categories of land. These are:

- surplus federal property within Massachusetts (in addition to former military bases).
- surplus state property.
- property found to be blighted open, decadent, or substandard.

For each approved project, the Land Bank may finance land acquisition, demolition, site improvements, construction, and rehabilitation. The amount and kind of financing is tailored to the needs of the project. The Land Bank is able to help cities and towns with the preparation of market, planning, engineering, architectural, and other technical analyses. These are done to help ensure that projects are feasible and of good quality. The cost of the technical studies is added to the project's mortgage.

Objectives

The Land Bank has established objectives for the implementation of its new authority. Projects financed by the Land Bank should:

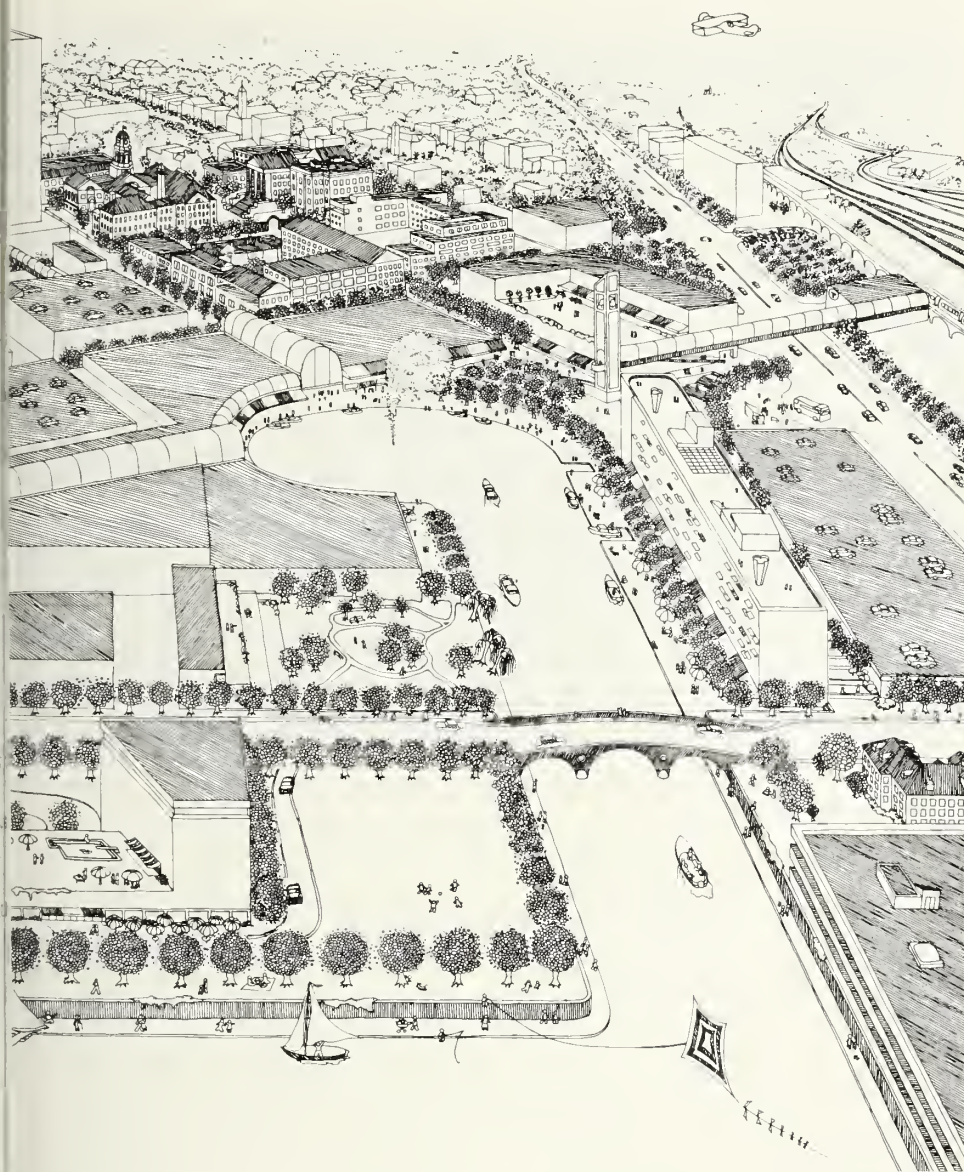
- be sensitive to local needs,
- increase the number of available jobs in Massachusetts,
- expand the local tax base,
- increase the availability of housing,
- be dispersed among small, medium, and large cities and towns,
- when possible, work to revitalize downtown areas,
- encourage private investment through public investment,
- be geographically distributed across the state.

Land Bank Procedures

A simple application process is used to evaluate projects and to implement these objectives. After discussing the proposed project with the Land Bank staff, proponents are given a preliminary application to complete. Applicants are asked to describe the proposed project, existing site conditions, proposed financing, and the total project costs. Once the application has been completed, the project is presented to the Board of Directors. The Board of Directors votes preliminary approval of the project if it determines the project is appropriate for Land Bank financing. Preliminary approval is reviewed by the Board every 90 days.

Once preliminary approval is granted the Land Bank staff works with the applicant to prepare the project for financing. Several steps must be completed. If the project is to take place on "blighted" property the local legislative body and the Board of Directors must each make finding that the property is indeed a "blighted open, decadent, or substandard" area. A redevelopment plan for the project must also be approved by the city or town and the Board of Directors. The Board must hold a public hearing on both the blight finding and the redevelopment plan.

The feasibility of the project must also be analyzed. Market, engineering, and other technical studies are conducted as needed. Cost estimates are sought for demolition, construction, or rehabilitation work. Appraisals are made if the Land Bank is to finance land acquisition. The Land Bank staff and the applicant work out the best financing for the project, including the loan amount and mortgage



Artist's rendering of revitalized Lechmere Canal development in Cambridge.

terms. In every instance, while primary responsibility for generating information relevant to the project rests with the project proponent, the Land Bank will use the expertise of its staff and consultants to fill gaps in local capacity.

When these steps have been completed, the project is taken to the Board of Directors for conditional approval. At this time the Board

commits to fund the project while recognizing that there may be a few details remaining to be worked out before the loan can be made. For example, the city or town may be waiting for additional financing from other sources, regulatory approvals by other agencies, or environmental clearance.

Once all these major requirements and conditions have been met, the project is submitted to the Board of Directors for a vote of final approval. After this vote, a Purchase and Sale agreement, a Mortgage, and a Note are signed. The funds are then released, and the implementation phase of the project begins.

In the case of surplus federal property, the same basic process applies with the exception of the requirement of findings of "blight." Thus, the Bank is able to assist with projects as small as a former post office or as large as a former military base.

State surplus property must be transferred to the Land Bank by the legislature before significant work can begin on redevelopment efforts. While there are several different paths that can be taken in the disposition of state surplus property, the Land Bank can apply the lessons and expertise gained through its efforts at military base conversion to the problems and potentials of large redevelopment efforts for state surplus property.

In order to make cities and towns aware of the financing and technical assistance available from the Land Bank, an outreach program was initiated. A brochure was distributed which explained the Land Bank's history, new authority, and the type of available assistance. In addition, a series of workshops was held to allow Land Bank staff to meet local officials, answer their questions, and discuss potential projects. These workshops were held in Northampton, Pittsfield, Worcester, Lawrence, Boston, and Taunton. A workshop was also held for the staff of state legislators. Each of these workshops was well-attended, and several new applications have been made to the Land Bank as a result of this effort.

New Projects

The Land Bank's authorization to finance redevelopment projects in all cities and towns resulted in over 30 projects being proposed to the Land Bank staff in the five months before the close of the fiscal year. The most notable characteristic of these projects has been the diversity of uses, requests for assistance, and funding levels. Inquiries about the Land Bank have been made by cities and towns throughout the Commonwealth, ranging from Pittsfield and North Adams in western Massachusetts, to Barnstable on Cape Cod, Lawrence in the Merrimack River Valley, and several communities within the Boston metropolitan area.

Several project proposals have evolved from these inquiries. The majority of these proposals has been for assistance in redeveloping "blighted" land. Typical examples of requests include proposals to assemble and clear land for a mixed-use redevelopment project in Cambridge, renovate a mill building adjacent to Holyoke's Heritage State Park, construct improvements to Gloucester's Inner Harbor, and purchase and rehabilitate two buildings in downtown Clinton. In addition, a few projects have been proposed that make use of another of the Land Bank's new powers — the ability to finance the redevelopment of surplus state land. Officials from Northampton, Grafton, and Danvers have approached the Land Bank for assistance in converting state hospitals that the Department of Mental Health proposes to close in the next few years.

The requested loan amounts — particularly for projects in blighted areas — have varied with the scale of the projects, ranging from \$250,000



Model of proposed fish processing facility at the Head of the Harbor Waterfront Renewal project in Gloucester

to over \$2 million. The project applicants have been equally diverse, including cities and towns, industrial development commissions, neighborhood development corporations, and private investors.

Examples of Typical Projects

Several of these proposals have been submitted to the Land Bank formally as Preliminary Applications. Preliminary Approval has been granted by the Board of Directors for three of these applications. Cambridge has requested \$1.8 million to assemble and clear parcels on 4.1 acres surrounding the Lechmere Canal. The uses planned for these parcels include two commercial/office/retail buildings, public parking, and a portion for the Lechmere Canal Park. Gloucester has requested \$2.3 million to prepare a 3.5 acre site in its Inner Harbor for development as a fresh fish proces-

sing center. The loan will be used to finance site improvements; dredging the harbor, constructing a retaining wall, filling the site, and building an off-loading platform. The City of North Adams has requested \$160,000 to repair the roof of a 270,000 square-foot mill building.

Since Preliminary Approval has been granted to these projects, they have been prepared for financing — market and technical studies have been completed, appraisals made, and negotiations begun on mortgage terms. While it is unclear at this time which of those projects granted Preliminary Approval will receive Final Approval from the Land Bank, the diversity and number of requests indicate the cities and towns are becoming increasingly aware of the Bank's potential for assistance.

CHELSEA NAVAL HOSPITAL



Public officials mark beginning of \$85 million Chelsea development. (l. to r. Representative Richard Voke, Governor Edward King, Senator Fran Doris, Congressman Edward Markey, Mayor Joel Pressman, and Land Bank Chairman William F. McCall, Jr.)

This year was marked by dramatic changes at the Chelsea Naval Hospital, with the completion of site demolition. This project will have a significant impact on the City of Chelsea, a large portion of which was devastated by fires in 1973. The Massachusetts Government Land Bank has worked closely with Chelsea since the project's inception in 1974, in formulating a redevelopment plan calling for the construction of 1200 housing units, a 26-acre waterfront park and a marina. An expansion of the tax base by almost \$2.6 million is projected and an estimated 850 jobs will be created. Equally important will be the creation of the 26-acre waterfront park sorely needed in a city with few existing amenities of this type.

Recent Activities

In December of 1979 the Government Land Bank purchased the Chelsea Naval Hospital parcel from the General Services Administration for \$1,800,000 thus enabling the \$85 million redevelopment project to begin. Shortly thereafter, the Land Bank advertised for bids for the demolition of 35 structures and the installation of a new water main for the property. The contract was awarded by the Bank to Dore and Associates, Inc., and work began in early January. The \$900,000 contract was extended to accommodate several additional work items and came in right on budget. The cost of the demolition project has been added to the \$1.8 million acquisition cost, all of which will be repaid to the Land Bank over the term of the mortgage. The property is scheduled to be sold by the Land Bank to the City of Chelsea in September.

Construction of both public and private improvements are scheduled to begin in early fall of 1980. The first phase of building will utilize nineteen acres of the site for about 340 housing units and will be coordinated with work on the waterfront park. Thus, the project promises to have major impacts on the Chelsea, Boston, and surrounding housing needs.



First step is taken as demolition of former Chelsea Naval Hospital begins redevelopment activity.

SOUTH BOSTON NAVAL ANNEX

Recent Activities

In accordance with the Mortgage Agreement between the Land Bank and EDIC, in July of 1979 EDIC began its \$31,000 monthly payments to the Bank. The two-year deferral of payments gave EDIC the breathing room it needed to make major renovations at the Park and to begin the kind of aggressive marketing program that will build long-term security into the property. The fact that EDIC has had no problem meeting its \$360,000 annual debt service commitment to the Land Bank indicates that the development efforts are right on track.

The BMIP has been steadily recruiting new tenants. This year space was leased to 12 new tenants. A total of 14 tenants supporting 1,510 jobs is now found at the park.

The Job Training Center which trains welders, mechanics, and other technicians is continuing its successful operation with the graduation of 306 students this year, about ninety percent of whom found job placement. This program helps unemployed or underemployed city residents, and is of substantial benefit to the industries located in the park.

Activity at the South Boston Naval Annex has resulted in the preservation and improvement of a major maritime facility, the creation of numerous jobs and the creation of vocational training opportunities. Most recently, leasing agreements with Massport have ensured that Boston will have containerized shipping facilities competitive with those found in other major cities throughout the nation.



EDIC makes first \$31,000 monthly payment on \$4.7 million mortgage note. (l. to r. Dennis Corvi, Treasurer of EDIC, Brian Dacey, Director of EDIC, William F. McCall, Jr., Chairman of Land Bank, Jeffrey A. Simon, Executive Director of Land Bank.)

All eyes in Boston focused on the Boston Marine Industrial Park where the Tall Ships anchored this spring. Boston's Economic Development and Industrial Corporation (EDIC) manages the industrial park which is located on 167 acres of a former naval facility. With the aid of the Land Bank and Economic Development Administration financing, the EDIC was able to arrest the deterioration of the existing facilities and attract manufacturing and maritime enterprises to the area. The industrial park now consists of warehousing and manufacturing space, two drydocks, piers, and other docking facilities.

Negotiations with Massport have resulted in a long-term agreement in which 47 acres of land at the Boston Marine Industrial Park (BMIP) will be leased for eventual landfilling and conversion to a containerport in phases over the next 20 years. Site improvements will consist of land filling between the deteriorating finger piers and the installation of cranes and tracks for handling the cargo. The MGLB approved this lease as an amendment to the original redevelopment plan.

WESTOVER AIR FORCE BASE



Construction of new building at Westover Industrial Airpark represents development progress.

Twenty-five firms employing over 1,000 people are now located at the Westover Industrial Airpark. The quick development pace of the 221-acre site has led to the repayment of over one-half of the Land Bank's mortgage by the Westover Metropolitan Development Corporation. Since 1978 the Bank has been working with the City of Chicopee on the reuse of other land parcels at the base, totalling 213 acres and occupied by 1,260 units of housing. A master plan involving site analysis, architectural renovation and cost analysis for the rehabilitation of the housing has been developed. It is expected that the quality of the surplus military housing will be substantially upgraded in order to integrate it into the existing residential neighborhoods in the area. This is expected to be accomplished by removing a number of housing units, renovating the remaining dwellings and by supplying recreational areas and facilities.

Recent Activities

Discussions this year with Chicopee officials have created uncertainty pertaining to the desire of these officials to see housing developed in Chicopee. When staff of the Land Bank made a presentation on proposed housing plans to the Board of Alderman and the Planning Board, some of the Aldermen expressed an opinion that this property be examined for industrial use. While Chicopee's Planning Department does not feel that marketing of the property for industrial use is feasible, in accordance with the Land Bank's policy of working toward a local consensus, most housing efforts are being held in abeyance. Meanwhile, the staff has asked its market consultants to update their previous recommendations on the development.

The Land Bank is continuing to pursue the possibility of housing development in the area. A housing study was presented to the Chicopee Board of Aldermen and the Planning Board earlier in the year. The General Services Administration reappraised the property, increasing their asking price. Both Chicopee and the Land Bank have been reevaluating their position on the project.

Further progress in the continued growth of the industrial park materialized in the recently signed joint-use agreement between the Air Force and the Federal Aviation Administration. This agreement will allow civilian use of the airport thus increasing the versatility and desirability of the airpark. The successful redevelopment of a substantial amount of property at Westover Air Force Base has greatly aided the economy of the City of Chicopee. Continued development efforts should help create a balanced, healthy environment on previously disused land.

COMMONWEALTH OF MASSACHUSETTS
GOVERNMENT LAND BANK

BALANCE SHEET JUNE 30, 1980

Assets

Current Assets

Cash on Hand and in Bank	12,175.28	
Investments — Massachusetts Municipal Depository Trust	6,909,587.52	
Accounts Receivable — Commonwealth of Massachusetts	2,791.87	
Mortgage Interest Receivable	16,479.30	
Current Portion — Mortgage Receivable — EDIC	36,287.79	
Interest Receivable — Short Term Investments	69,334.82	
Total Current Assets		7,046,656.58
Office Equipment	725.10	
Less: Reserve for Depreciation	303.65	
Equipment Net of Depreciation		421.45
Mortgages Receivable		5,669,225.52
Chelsea Project		2,635,315.13
Total Assets		15,351,618.68

**Liabilities, Retained
Earnings and Federal
Funds Balance**

Current Liabilities

Accounts Payable	46,601.86	
Accrued Interest Payable	119,503.03	
Notes Payable	1,052,000.00	
Withholdings — Taxes and Insurance	1,724.60	
Bond Payable — Current Portion	250,000.00	
Total Current Liabilities		1,469,829.49

Long Term Liabilities

Bonds Payable with Unamortized Premium		14,041,311.99
Total Liabilities		15,511,141.48

Retained Earnings (Deficit)

Balance 7/1/80	(204,566.32)	
Less: Excess of Income over Expenses	40,595.26	(163,971.06)
Federal Funds Balance		4,448.26
Total Liabilities, Retained Earnings and Federal Fund Balance		15,351,618.68

COMMONWEALTH OF MASSACHUSETTS
GOVERNMENT LAND BANK

INCOME & EXPENSES

Income	Interest Income	849,954.21	
	Premium Income	2,266.68	
	Other Revenue	<u>2,169.68</u>	
	Gross Income		854,390.57
Interest Expenses	Bond Interest	582,145.84	
	Note Interest	85,750.00	
	Total Interest Expense		<u>667,895.84</u>
	Net Income Available for Administration		186,494.73
Administrative Expenses	Salaries	81,261.05	
	Contract Services	17,787.54	
	Promotional Expenses	4,172.41	
	Travel and Other Expenses	4,118.36	
	Rental — Office Equipment	840.10	
	Advertising	938.52	
	Office Supplies	1,615.01	
	Postage and Freight	486.62	
	Printing and Publications	1,152.05	
	Telephone and Telegraph	3,140.88	
	Conference Expenses	282.50	
	Miscellaneous	150.04	
	Group Insurance	2,294.22	
	Insurance — other	4,407.23	
	Legal and Professional Fees	22,721.68	
	Otis Expenses	336.61	
	Depreciation	<u>194.65</u>	
	Total Administrative Expenses		<u>145,899.47</u>
	Excess Income Over Expenses		<u><u>40,595.26</u></u>

COMMONWEALTH OF MASSACHUSETTS
GOVERNMENT LAND BANK

STATEMENT OF FUNDS RECEIVED AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 1980

Fund Balances	<i>Fund Balances July 1, 1979</i>		24,561.63
Funds Received	Interest Income	208,396.20	
	Mortgage Receipts	283,547.45	
	Short Term Investments (net)	3,812,387.05	
	Mortgage Interest	302,548.73	
	Interest	366,705.94	
	Miscellaneous Income (Deposit on Specs)	250.00	
	Proceeds of Bond and Note from Commonwealth	6,000,000.00	
	Other Miscellaneous Income	276.05	10,974,111.42
Funds Available	<i>Funds Available</i>		10,998,673.05
Funds Expended	Promotional Expenses	4,245.85	
	Salaries	81,261.05	
	Staff Expenses	3,786.94	
	Office Supplies	969.11	
	Postage and Freight	486.62	
	Telephone	3,005.30	
	Miscellaneous Employee Expenses	204.35	
	Travel Expenses	34.10	
	Group Insurance Net	2,352.86	
	Interest	774,257.88	
	Contracted Labor	14,986.61	
	Printing and Publications	1,637.05	
	Miscellaneous Expense	150.04	
	Otis Expense	371.61	
	Advertising	938.52	
	Insurance	498.48	
	Travel Expense — Director	222.52	
	Legal Fee	28,178.90	
	Travel Expense — Advisory Board	1.50	
	Office Equipment Lease	840.10	
	Deposits Receivable	5.00	
	Chelsea Project	2,598,680.41	
	Office Equipment	143.20	
	Conference Expense	282.50	
	Insurance	1,882.00	
	Westover Escrow Expenses	57,538.00	
	Bond Payments	500,000.00	4,076,960.50
Fund Balance	<i>Fund Balance</i>		6,921,712.55
	Shawmut Checking Accounts	1,246.89	
	Savings Accounts	10,878.14	
	Total Funds in Bank	12,125.03	
	Massachusetts Municipal Depository Trust	6,909,587.52	
Total Fund Balance	<i>Total Fund Balance</i>		6,921,712.55

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Adele Fleet Bacow, Deputy Director
David S. Knisely, Director of Projects
Kathleen Hogan, Project Manager
Howard Davis, Development Planner
Mary C. Findley, Administrative Assistant
Patricia Rugo, Secretary
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MASS. Y3.LB1: 1981



ANNUAL
REPORT

1981

LAND
BANK

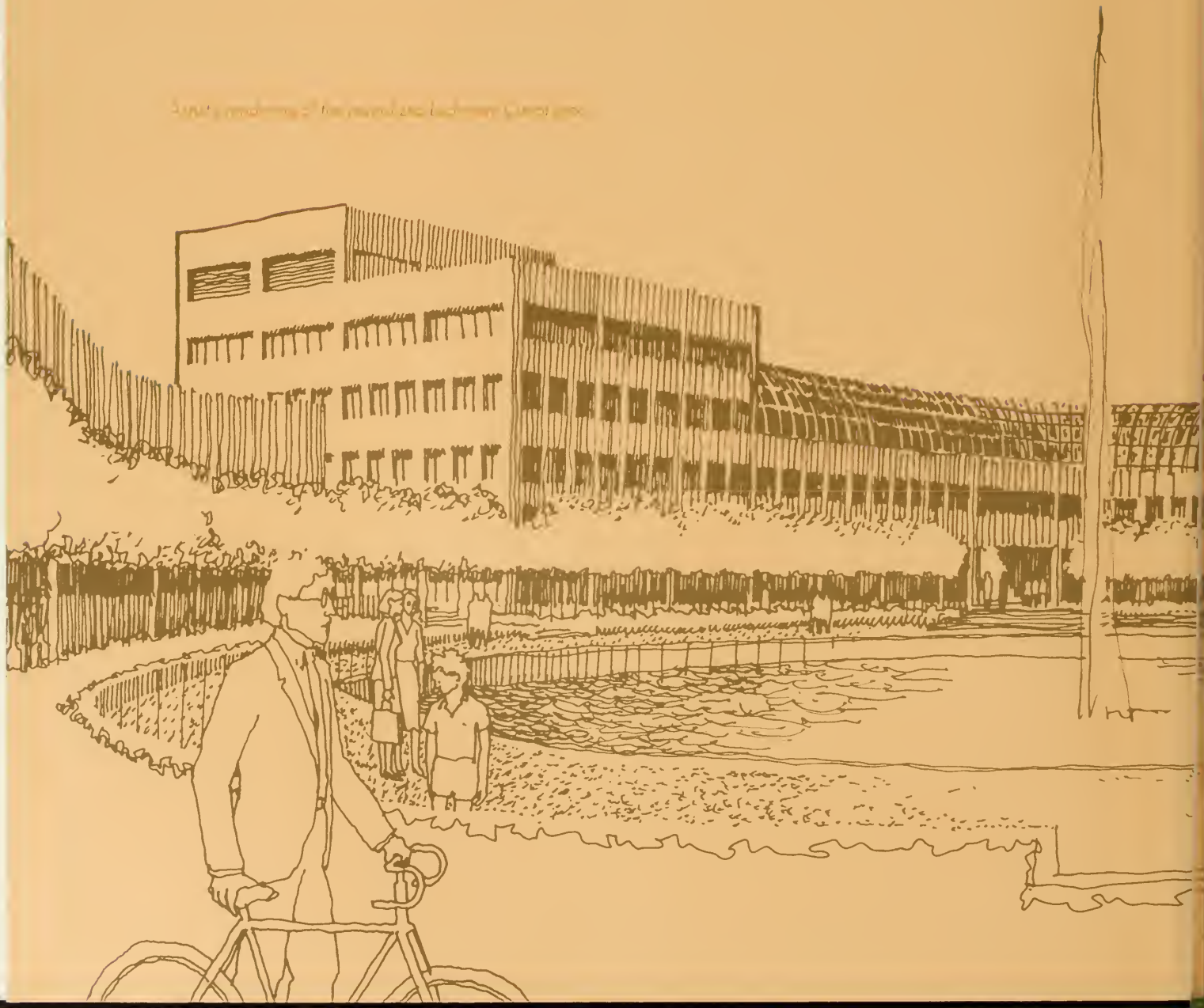
THE MASSACHUSETTS
GOVERNMENT LAND BANK

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OBJECTIVE OF THE LAND BANK

The Massachusetts Government Land Bank enables cities, towns, non-profit organizations, and private developers to undertake the development of underutilized, often overlooked property. Through its unique combination of powers and cooperation with the local community, the agency actively pursues projects which serve a clear public purpose but which lack sufficient financial support from the public and private sectors. Through its creation of job opportunities, its efforts to broaden the local tax base and its development of affordable housing, the Land Bank strives to contribute to the welfare and economic stability of the people of the Commonwealth.

Sketch by residents of the project and Land Bank staff.



September, 1981

The Governor

The Chairman, Senate Ways and Means Committee

The Chairman, House Ways and Means Committee

The Secretary, Administration and Finance

The Comptroller

Gentlemen:

LETTER OF TRANSMITTAL

We are pleased to present the Government Land Bank's Annual Report for the fiscal year ending June 30, 1981. It has been a year of considerable growth and development marked by the realization of three new projects, the Preliminary Approval of seven, and the groundwork laid for many others. Our program expansion and our fiscal strength are indicative of the strides we have made over the past 12 months.

Our fiscal status has never been better. For the second year in a row, the Land Bank has been able to operate at no cost to the Commonwealth. Able to cover all its own administrative expenses, the Land Bank showed a surplus of \$170,488 in income over expenditures, an increase of almost \$130,000 over fiscal year 1980. The Land Bank's strong financial position has enabled the agency to again service all its own debts. Retained earnings demonstrate that we have now erased the deficits incurred during the early start-up years.

Legislation in 1980 granted the Land Bank new authority to consider proposals that involve blighted areas or surplus state or federal property. Fiscal year 1981 witnessed the impact of that legislation. The Land Bank is currently helping the City of Cambridge launch a major redevelopment project in the Lechmere Canal area that will result in a large commercial/office complex. Through joint efforts with the Gloucester Redevelopment Authority and the State Executive Office of Environmental Affairs, the Land Bank is helping the City of Gloucester prepare a 4.2-acre site in its Inner Harbor for development as a new fish processing center. Finally, in cooperation with the town of Newburyport, the Land Bank is assisting with the restoration of an historic landmark, known as the Garrison Inn. In each case, the Land Bank is providing support that is essential to stimulate further investment by the private sector.

Our military base conversions are well underway. Construction at the Chelsea Naval Hospital began this June, signalling the first phase of building which will result in 340 of the 1,200 anticipated housing units. Other signs of progress include the increased sale of property at the Westover Industrial Airpark and the addition of new tenants at the Boston Marine Industrial Park.

A major challenge facing us this year has been our ability to accommodate the increasing number of new project proposals. The rise in requests stems from the agency's new legislative powers and the nation's economic and political climate. Soaring interest rates, serious fluctuations in the bond market, and recent federal and state cutbacks are compelling a growing number of communities to look beyond conventional sources of funding to meet their development needs. In this past year alone, the Land Bank staff has seriously considered 77 proposals representative of 45 cities and towns.



The influx of more projects than we can feasibly fund or commit staff time to is forcing us to become increasingly selective in our choice of projects. Our task in the coming year will be to develop criteria that adhere to our long-term goals, such as the creation of jobs, but still allow us the flexibility to address the state's immediate concerns such as the present day housing shortage. The emphasis we are currently placing on the rehabilitation of historic property located in city and town centers is apparent in the projects which have received Preliminary Approval. Notably, we look forward to granting Final Approval to a plan that would redevelop an historically significant building in downtown Holyoke for commercial use and a plan that would convert a closed school building in Northampton to housing for the elderly and handicapped.

The eighties demand new and innovative strategies of development. Present-day realities warrant the creative use of available funds and greater cooperation with the private sector and local community. The Land Bank's unique set of capabilities make the agency an increasingly valuable source of financial assistance. Our past experience, our present endeavors and our future prospects make us confident that we will continue to make a significant contribution to the Commonwealth.

We invite you to examine our work described in the pages that follow.

Sincerely,

William F. McCall, Jr.
Chairman, Board of Directors

Jeffrey A. Simon
Executive Director



STAFF

Jeffrey A. Simon, Executive Director
 Adele Fleet Bacow, Deputy Director
 David S. Knisely, Director of Projects
 Kathleen Hogan, Project Manager
 Howard Davis, Project Manager
 Mary C. Findley, Budget Administrator
 Andrea Udoff, Communications Assistant
 Martha Colby, Secretary
 Florence Kirsch, Treasurer

BOARD OF DIRECTORS

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 Linda A. Whitlock
 Richard A. Skerry, Jr.
 (for Edward T. Hanley, ex officio)
 Byron J. Matthews, ex officio

OVERVIEW

Established in 1975, the Government Land Bank is an independent state agency originally created to assist cities and towns in the conversion of closed military bases to civilian use. Legislation in 1980 granted the agency the authority to participate in a broader range of redevelopment projects including the revitalization of industrial, commercial, and residential properties. What follows is a basic outline of how the agency operates, what it looks for in potential projects and what it hopes to achieve through its efforts.



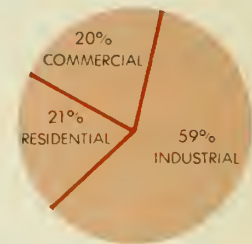
OBJECTIVES

The primary objectives of the Government Land Bank are to:

- Implement development projects sensitive to local needs
- Increase the number of available jobs in the state
- Expand the local tax base of cities and towns
- Revitalize older downtown areas
- Rehabilitate historic properties
- Increase the supply of affordable housing
- Enable productive reuse of surplus state or federal property
- Enable productive reuse of surplus school buildings
- Encourage private investment through public investment
- Establish a geographic mix of projects

the Land Bank sells property it can take back a mortgage at below-market interest rates. Thus, the Land Bank does not provide low interest loans per se, but rather acquires, improves and sells property at favorable terms. The agency can help cities and towns with the technical analyses needed to determine the feasibility of a proposal. For each approved project, the Land Bank may provide assistance for land acquisition, site improvements, construction, and rehabilitation.

The Land Bank's current portfolio of projects reflects the following percentage distribution:



CAPABILITIES

The agency is currently empowered to take possession of, clear, improve and dispose of three kinds of property:

- Surplus federal property within Massachusetts (In addition to the former military bases)
- Surplus state property
- Blighted open, decadent or substandard property

The Land Bank must have an interest in the property while improvements funded by the agency are in progress, and at same point must actually own the property. When

ELIGIBILITY

The Government Land Bank works jointly with project sponsors to determine the eligibility of individual projects. The agency considers applications for both small and large industrial, commercial, residential, and mixed-use developments. The Land Bank is particularly interested in rehabilitation projects located in business and commercial districts, especially those involving the restoration of historic buildings and the reuse of surplus school buildings. Many projects which have received Preliminary Approval involve property that is in tax title.

CRITERIA

The criteria for Government Land Bank involvement include financial feasibility, public benefit, community support, and the leverage of private investment. Public purpose considerations include the number and type of jobs to be created, the short- and long-term effects on the local tax rate and the impact on surrounding neighborhoods.

Projects must show a need for public investment, including an explanation of the inadequacy or unavailability of private funding sources and other types of public financing. Often project sponsors use other types of public assistance in addition to Land Bank aid such as federal and state grants. The Land Bank can also work cooperatively with other state agencies, such as the Massachusetts Industrial Finance Agency and the Massachusetts Housing Finance Agency.

FINANCIAL FLEXIBILITY

The Land Bank uses Massachusetts General Obligation Bonds to support its operations at a reduced interest rate. The agency's mortgage rates reflect current bond selling prices and an administrative charge. Expenses such as engineering, architectural, market analysis and legal costs must be reimbursed at the time of closing. Expenses incurred during the period that the Land Bank holds title to the property, such as the design, on-site contract supervision, and the overall cost of improvements, may be added to the mortgage.



Mortgage terms are responsive to the individual needs of each project. In general, the agency prefers to limit its involvement to three to seven years. Once the initial development period is concluded, the agency expects the private market to assume long-term financial responsibility.

The Government Land Bank has access to \$40 million, one half of which is currently committed. In most instances, the Land Bank is asked to provide between \$250,000 and \$3 million in assistance. Each project must be economically viable, and all Land Bank financing must be repaid.

APPLICATION PROCESS

There are a number of steps project sponsors must take when applying for Land Bank assistance. The application process requires that projects initially receive Preliminary Approval from the agency's Board of Directors. The staff and a subcommittee of the Board assess the feasibility of each project and determine whether or not the proposed plan is consistent with the goals of both the Land Bank and local community. The Board of Directors then reviews a recommendation by the staff and votes on Final Approval. The application process is explained in greater detail at the end of this report.

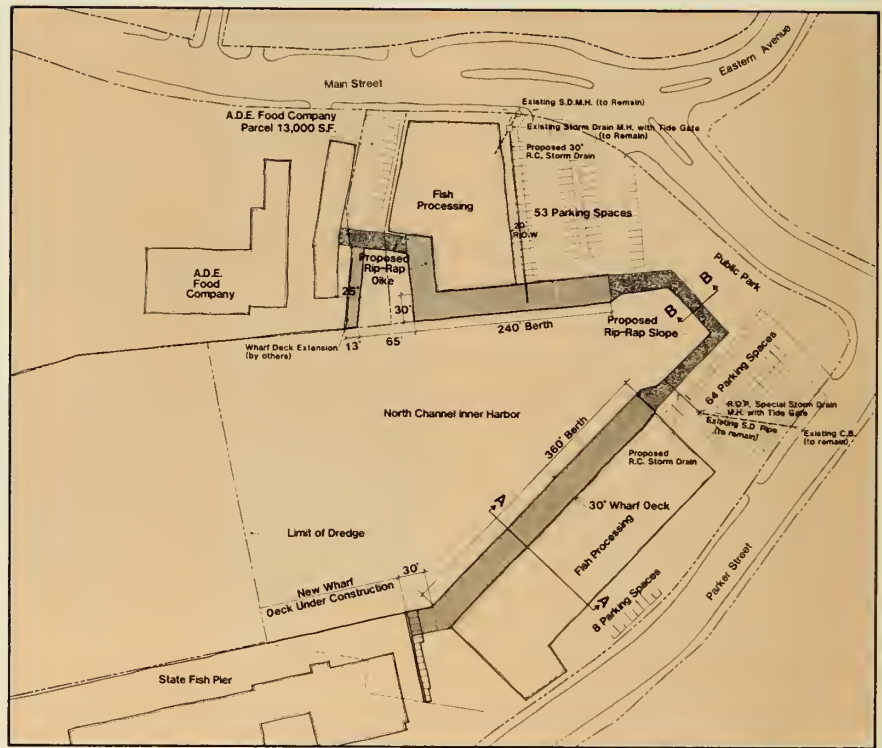
A project can be approved as quickly as 90 days from the day the Land Bank receives the completed preliminary application, depending on the nature and complexity of the proposal.

INDUSTRIAL DEVELOPMENTS

After a ten-year period of relatively high unemployment, Massachusetts is now experiencing unemployment rates well below the national average. The Commonwealth's economic resurgence can be traced to the recent boom in industrial investment. We are proud of the contribution the Government Land Bank has made to the growth of industry in Massachusetts. Two of the agency's original military base conversions and a large-scale public project in Gloucester represent major industrial developments made possible by Land Bank assistance.

AFTER 11 YEARS of frustration and failed attempts, the City of Gloucester has taken a major step towards completing the development of its waterfront as a modern fish processing center. The Land Bank has agreed to assist the Gloucester Redevelopment Authority (GRA) and the Massachusetts Executive Office of Environmental Affairs with a critical portion of the project that will benefit the city, the state, and most importantly, the Gloucester fishing fleet.

Due to the lack of proper facilities, it is estimated that between 40 and 60 percent of the city's fresh fish landings are currently transferred to fish processing facilities in Boston and other locales. The GRA's proposed plants will enable the



Map of proposed fish processing facility at Head of Harbor Waterfront Renewal project in Gloucester.

city to process its fish locally. The project will provide over 280 additional jobs and will result in an annual increase in the city's tax base of \$62,000.

Phase I of the project involves the preparation of a 4.2-acre site located at the head of Gloucester's Inner Harbor. The Land Bank plans to dredge the inner harbor, construct retaining walls and loading platforms, and prepare the site so that individual parcels can be offered to private builders for construction of the fish processing plants. Phase II consists of improvements to the existing 7.8-acre Community Fish Pier.

The projected cost of Phase I is \$3.1 million. Once the first phase improvements are completed, the agency will sell the site back to the Gloucester Redevelopment Authority. The GRA ultimately will be responsible for only \$675,000 due to a

\$2 million grant from the Executive Office of Environmental Affairs and a \$425,000 contribution from the city through its Community Black Grant fund. The GRA will repay the Land Bank with proceeds from the land sales.

BOSTON'S ECONOMIC Development and Industrial Corporation (EDIC) manages the Boston Marine Industrial Park (BMIP) located on 167 acres of the former South Boston Naval facility. Through efforts of the Government Land Bank and the Economic Development Administration, the EDIC was able to prevent further deterioration of existing facilities and attract new manufacturing and maritime enterprises to the area. With the recent addition of 7 new tenants, the BMIP currently has 25 tenants employing approximately 780 people. Two thirds of the available building space has



The EDIC's Boston Technical Center trains welders, mechanics, and other technicians. Located in the Boston Marine Industrial Park, the program is of substantial benefit to unemployed and underemployed city residents and to the surrounding industries in the park.

been leased. This past April, the General Ship Corporation (GSC) expanded its facilities from East Boston to a second site at the BMIP. Land Bank approval of EDIC's leasing agreements with the Massachusetts Port Authority ensures that within ten years, Boston will have containerized shipping facilities competitive with those found in other major ports throughout the nation. This year marked the start of site improvements. Land filling of the designated 47 acres is proceeding as planned, making way for the eventual installation of cranes and tracks for handling cargo.

CHICOPEE'S WESTOVER Industrial Airport houses 31 firms employing over 1,250 people. Aggressive marketing efforts by the Westover Metropolitan Development Corporation (WMDC) have recently led to the sale of property to ten

companies including Stordard Manufacturing, Inc. and Pratt and Whitney Aircraft Flight Test Company. The addition of new companies coupled with existing tenant expansions resulted in a gain of over 300 new jobs this past year. The quick development pace of the 221-acre site has led to the repayment of over two-thirds of the Land Bank mortgage by the WMDC.

PENDING FINAL APPROVAL, projects in the City of Boston and the City of Fall River both provide excellent examples of the Land Bank's potential role in the revival of Massachusetts' urban centers.

The Chinese Economic Development Council (CEDC) of Boston recently purchased the Boylston Building, on historic landmark located at the corner of Boylston and Washington Streets in downtown Boston. Land Bank assistance would enable the

CEDC to renovate the building and create available space for retail and light assembly uses. With a major leasing commitment from Wang Laboratories, a Lowell-based high-technology firm, the project would provide employment for over 250 people.

The decline of mill-based industries in the Northeast has taken its toll on Fall River, once a major center for apparel manufacturing. Built in the late 1800s, the city's Richard Borden Mills complex is considered by historical sources to be "one of the most perfect structures for manufacturing purposes in the country." Blighted after years of neglect, the sturdy granite buildings occupying the 7.6-acre site have been in toxic title since 1979. The city's Office of Economic Development has designated Richard Borden Mills Associates as the developer. Land Bank assistance would enable this limited partnership to redevelop the property for new productive industrial uses. The project promises to contribute to Fall River's toxic base and significantly increase the number of industrial jobs in the community.

THE CITY OF North Adams sought Land Bank assistance for the rehabilitation of its Hoasac Mill for industrial use. The Land Bank conducted an engineering analysis and a market feasibility study of the tax title property prior to making a financial commitment. However, the results of these preliminary analyses enabled a private corporation to buy the building directly from the city and begin constructive reuse on its own.

COMMERCIAL DEVELOPMENTS

Over the past quarter century, transportation improvements and increases in the population growth of cities have led to a gradual exodus of people and businesses from urban centers to suburban and rural areas. Cities and towns have suffered from the resulting lack of economic activity and private investment. The Government Land Bank's current emphasis on projects located within community centers reflects a nationwide effort to revive these downtown areas.

THE LAND BANK is presently assisting the City of Cambridge in its efforts to reverse the decline of the Lechmere Canal area in East Cambridge. Prior attempts to upgrade the area failed due to insufficient funds and the lack of a comprehensive plan. In November, 1980, the City of Cambridge acquired

the 4.1-acre site by eminent domain. The Land Bank then purchased the property for \$1.7 million providing the city with the cash flow it needed to launch the project.

The Land Bank owns the property and is now managing site preparation activities and the relocation of existing businesses. The agency participated in the selection of Wilder-Manley Financial Corporation as the developer for the proposed office/retail complex. Plans call for a museum gallery, one level of retail stores, and three stories of office space totaling 170,000 square feet. The design by architects Skidmore, Owings & Merrill, consists of two curving parallel buildings of two and four stories joined by a continuous glass roof. Beneath the roof, two galleries of 7,000 and 4,000 square feet will extend the full length of the building. Permanent exhibits suspended from the skylight and rotating floor exhibits will be displayed with the participation of the New England Aquarium and other local museums.

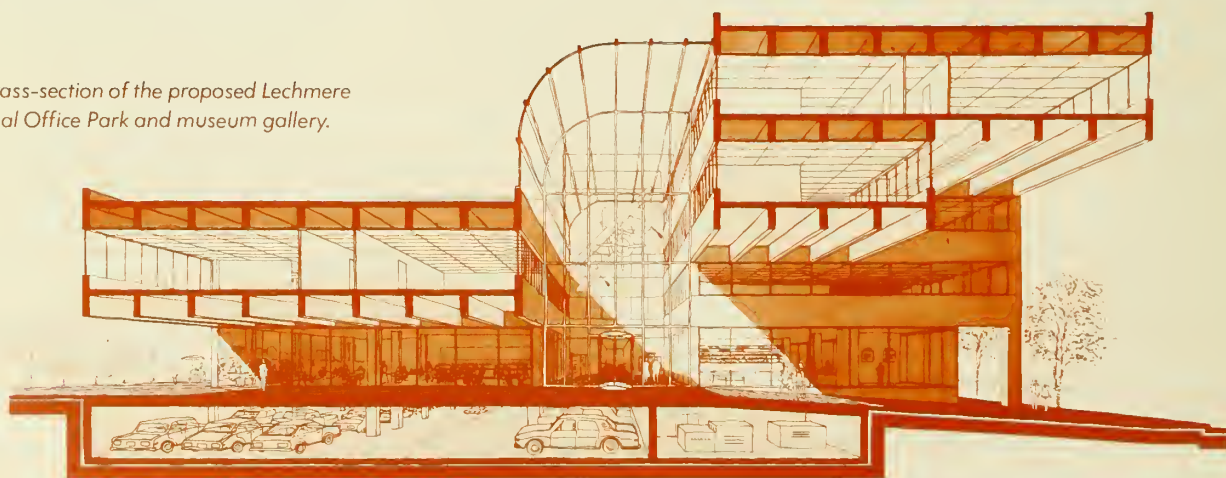
The \$2.5 million provided by the Land Bank will leverage approximately \$30 million in additional UDAG funds and private sources of financing. Demolition should be completed by the fall of 1981, after

which the Land Bank plans to sell the property back to the city. Through its revival of East Cambridge's commercial core, the Lechmere Canal Project is expected to provide the City of Cambridge with a substantial increase in its tax base as well as an estimated 730 short- and long-range jobs.

ANOTHER CURRENT project involves the rehabilitation of the former Garrison Inn in Newburyport. Listed in the National Register of Historic Places, the Inn was once an active part of the community. Due to the failure of prior attempts to restore the Inn to productive use, the building has been vacant for over 30 years. Land Bank financial assistance will enable the developer, Mr. James O. McForland, to restore the building to its former status as an inn, containing 24 guest rooms, a restaurant, and a conference room. Construction financing has been provided by a private bank, and \$900,000 in mortgage assistance will be provided by the Land Bank.

The architects, CityDesign Collaborative, Inc., intend to retain and enhance the important architectural features of the four-story Federalist styled building. The project

A cross-section of the proposed Lechmere Canal Office Park and museum gallery.





Artist's rendering of the restored Garrison Inn.

will broaden the city's tax base by an estimated \$17,000 per year and will result in the creation of approximately 35 permanent jobs. The Land Bank is hopeful that the restoration project will serve as a cornerstone for future development plans being introduced by the Newburyport Redevelopment Authority.

THE LAND BANK has granted Preliminary Approval to two additional commercial projects, both of which also involve the rehabilitation of historic buildings.

The agency is currently reviewing the proposed redevelopment of Holyoke's Colendon Building, a

four-story structure located in the center of the city's business district. The developer, E. Denis Walsh Associates, plans to convert the vacant building into a modern office/retail complex. Built in 1874 and designed in the French Second Empire style, the building is considered one of Holyoke's most prominent and architecturally striking buildings.

The Land Bank is working with the Roxbury Action Program (RAP) in its efforts to renovate the Marcus Garvey House. The redeveloped five-story brick building would house retail space on the ground floor and commercial office space on the upper floors. Listed in the National Register of Historic Places, the Marcus Garvey House is part of a major effort to establish John Eliot Square as a focal point of Black culture, commerce, and activity.

THE CITY OF Leominster, in cooperation with a local attorney, requested that the Land Bank assist with the rehabilitation of the Sconlon Building, a prominent structure in the downtown commercial district. However, as a result of rigorous feasibility analyses and a strong marketing program undertaken jointly with the Land Bank, the project sponsors were able to obtain financial assistance from private sources.



Final documents signed at the Garrison Inn. Present are Architect John R. Benson, Mayor Richard E. Sullivan, Developer James O. McFarland, Land Bank Director Jeffrey A. Simon, Land Bank Legal Counsel Norman F. Byrnes, and Asst. Community Development Director Mark D. Regan.

RESIDENTIAL DEVELOPMENTS

Research indicates that only 25% of this year's housing needs will be met, representing the lowest level of production in over two decades. The Land Bank can help offset the rising costs associated with construction by providing the capital needed to get projects started. In determining the use of its limited resources, the agency's priority is to work with projects that promise to stimulate further investment and subsequent area development and which are affordable for low- and moderate-income families.

THE LAND BANK'S joint efforts with the City of Chelsea on a redevelopment plan for the former Chelsea Naval Hospital resulted in the agency's first major housing project. Developers are converting the 88-acre property into 1,200 units of housing, a waterfront park, a marina, and available space for light industry. In 1979, the Land Bank spent a total of \$2.7 million to acquire the property and carry out a demolition plan. When the agency completed demolition of the existing buildings, it sold the property to Chelsea with a long-term mortgage for

subsequent resale in phases to Peabody Construction Company, the designated developer. Land Bank participation is enabling Chelsea to make major site improvements and to begin an aggressive marketing program that promises to build long-term security into the property. Construction of 340 units of housing began in June and is expected to be completed by the spring of 1982.

THE LAND BANK has granted Preliminary Approval to three housing projects.

The nonprofit Samerville Corporation is hopeful that three vacant lots in East Samerville, each in tax title, will become the sites for 13 low-cost single family houses. According to the redevelopment plan, the Land Bank would purchase the parcels of land, prepare sites for the modular townhouse units, and then purchase and erect the units. The agency would sell the factory-built houses to owner-occupants who would secure long-term financing from private sources.

The City of Northampton is looking to the Land Bank for assistance in the redevelopment of a vacant school building known as St. Michael's House. The developer, Daniel O'Connell's Sons, Inc., proposes converting the building into 80 Section 8 subsidized apartments for the elderly and handicapped. The downtown location of St. Michael's would provide tenants

with convenient access to local retail shops and services. The addition of six modular family units on two separate sites would result in a total of 86 housing units.

The developer has requested that the Land Bank provide a standby commitment until the Massachusetts Housing Finance Agency (MHFA) is able to offer financing. At present, mortgages originated by MHFA are unavailable due to the unstable condition of the bond market. By enabling the developers to begin redevelopment of the school at this time, the Land Bank would be helping Northampton preserve federal rental subsidy commitments which would otherwise be lost.

Rehabilitation of Boston's Walter Baker Chocolate Mills complex located in the Lower Mills section of Dorchester, would result in the creation of moderate income rental housing. Project sponsors are requesting that the Land Bank provide assistance for the development of 57 of the total 144 projected units. Land Bank involvement would leverage Urban Development Action Grant (UDAG) funds, essential for the construction of the remaining 87 units.

The apartments would be offered as rental housing over a six-year period, at the conclusion of which they would be offered for sale. Existing tenants would have the first option to buy their apartments at below-market prices.



First phase of construction is well underway at Chelsea Village.

PORTFOLIO OF PROJECTS

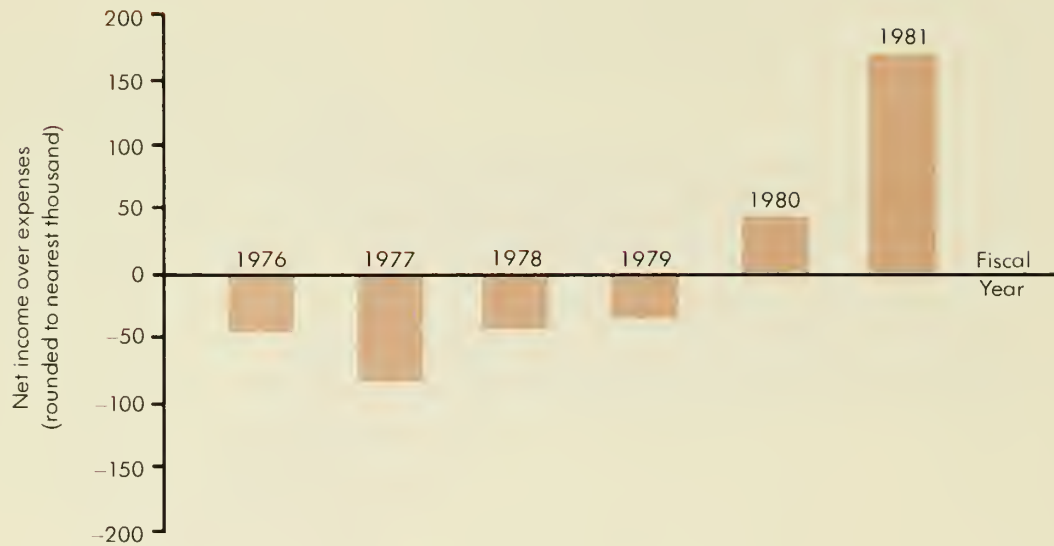


- | | | | |
|----|---------------------------------|-----|----------------------------|
| 1 | Boston Marine Industrial Park | | |
| | Boston (South Boston) | | |
| *2 | Boylston Building | | |
| | Boston (Chinatown) | | |
| *3 | Marcus Garvey House | | |
| | Boston (Roxbury) | | |
| *4 | Walter Baker Chocolate Mills | 9 | Head of the Harbor Project |
| | Boston (Dorchester Lower Mills) | | Gloucester |
| 5 | Lechmere Canal Project | *10 | Caledonian Building |
| | Cambridge (East Cambridge) | | Holyoke |
| 6 | Chelsea Village | 11 | Garrison Inn |
| | Chelsea | | Newburyport |
| 7 | Westover Industrial Airport | *12 | St. Michael's House |
| | Chicopee | | Northampton |
| *8 | Richard Borden Mills | *13 | Somerville Housing Project |
| | Fall River | | Somerville |

*Projects that have received Preliminary Approval

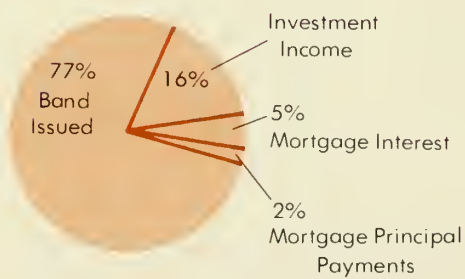
FINANCIAL PROGRESS

NET INCOME OR DEFICIT



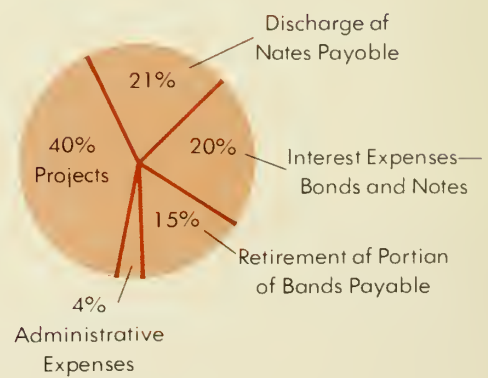
FUNDS RECEIVED

Fiscal year 1981



FUNDS EXPENDED

Fiscal year 1981



COMMONWEALTH OF MASSACHUSETTS
GOVERNMENT LAND BANK

INCOME AND EXPENSES
FOR YEAR ENDED JUNE 30, 1981

Income	Interest Income	1,692,629.40	
	Miscellaneous Income	<u>11.97</u>	
	Total Income		1,692,641.37
Interest Expenses	Bond Interest	1,266,852.86	
	Note Interest	<u>25,481.78</u>	
	Total Interest Expense		<u>1,292,334.64</u>
	Net Income Available for Administration		400,306.73
Administrative Expenses	Salaries	129,836.59	
	Legal Fees	44,134.91	
	Contract Services Net of Reimbursements	29,660.09	
	Insurance — Employee Benefit	6,715.79	
	Telephone and Telegraph	4,126.74	
	Printing and Publications	3,981.18	
	Travel and Other Expenses	3,939.30	
	Office Supplies	2,357.76	
	Conference and Educational Expense	1,344.41	
	Advertising	1,281.27	
	Rental of Equipment	942.18	
	Postage and Freight	873.44	
	Promotional Expenses	341.33	
	Depreciation	276.87	
	Miscellaneous	<u>7.05</u>	<u>229,818.91</u>
	Excess Income Over Expenses		<u><u>170,487.82</u></u>

COMMONWEALTH OF MASSACHUSETTS
GOVERNMENT LAND BANK

BALANCE SHEET

JUNE 30, 1981

ASSETS

Current Assets

Cash on Hand and in Bank		16,472.13	
Investments			
Massachusetts Municipal Depository Trust	2,695,787.33		
Certificates of Deposit			
State Street Bank and Trust Co. 08/17/81	600,000.00		
Old Colony Bank and Trust Co. of Essex			
County 07/20/81	1,000,000.00		
State Street Bank and Trust Co. 07/10/81	2,074,000.00		
Notional Showmut Bank 09/09/81	<u>2,000,000.00</u>	8,369,787.33	
Current Portion — Mortgage Receivable Economic			
Industrial Development Corporation		38,663.04	
Accounts Receivable — Commonwealth of			
Massachusetts		1,809.68	
Mortgage Interest Receivable		16,381.74	
Investment Interest Receivable		<u>179,711.47</u>	
Total Current Assets			8,622,825.39

Office Equipment

	1,322.06		
Less: Reserve for Depreciation	<u>580.52</u>		
Equipment Net of Depreciation			741.54

Mortgages Receivable

8,490,640.19

Projects in Progress

1,906,419.20

Prepaid Expenses

147.29

Total Assets

19,020,773.61

LIABILITIES

Current Liabilities

Accrued Interest Payable	398,861.66		
Accounts Payable	33,520.87		
Bonds Payable — Current Portion	<u>1,015,000.00</u>		
Total Current Liabilities			1,447,382.53

Long Term Liabilities

Bonds Payable with Unamortized Premium			<u>17,526,311.99</u>
Total Liabilities			18,973,694.52

Retained Earnings (Deficit)

Balance 07/01/81	(163,971.06)		
Less Adjustment: Group Insurance	<u>73.94</u>		
	(164,045.00)		
Add: Excess of Income over Expenses	<u>170,487.82</u>		
Retained Earnings			6,442.82
Contingent Liability			36,188.01

Federal Funds Balance

4,448.26

Total Liabilities, Retained Earnings
and Federal Funds Balance

19,020,773.61

COMMONWEALTH OF MASSACHUSETTS
GOVERNMENT LAND BANK

STATEMENT OF FUNDS RECEIVED AND DISBURSED

FOR THE YEAR ENDED JUNE 30, 1981

Fund Balance July 1, 1980	Savings Accounts	10,878.14	
	Shawmut Checking Accounts	<u>1,246.89</u>	
	Total Funds in Bank	12,125.03	
	Massachusetts Municipal Depository Trust	<u>6,909,587.52</u>	
	Total Fund Balance		6,921,712.55
Funds Received	Band Issued, Including Interest Credited	5,025,829.52	
	Investment Income	1,095,043.73	
	Mortgage Interest	352,773.42	
	Martgage Principal Payments	112,593.14	
	Cammanwealth af Massachusetts,		
	Accounts Receivable	982.19	
	Miscellaneous Income	<u>11.72</u>	
	Total Funds Received		<u>6,587,233.72</u>
Total Funds Available			13,508,946.27
Funds Expended	Cambridge Project	1,906,419.20	
	Discharge of Nate Payable	1,052,000.00	
	Interest Expense — Bands and Nates	1,038,805.53	
	Retirement af Partian af Bands Payable	750,000.00	
	Chelsea Project	159,695.53	
	Salaries	129,836.59	
	Cantract Services, Net af Reimbursements	30,438.34	
	Legal Fees	28,113.81	
	Telephone and Telegraph	4,167.88	
	Printing and Publication	3,875.66	
	Travel Expenses — Staff	3,154.43	
	Insurance	3,099.58	
	Office Supplies	2,883.24	
	Graup Insurance	2,290.65	
	Withholding Taxes Owed far Priar Period	1,527.08	
	Canferences	1,344.41	
	Equipment Purchases	1,255.93	
	Advertising	1,133.37	
	Equipment Rental	942.18	
	Postage and Freight	873.44	
	Travel Expense — Directars	531.29	
	Pramatian	341.33	
	Increase in Petty Cash Fund	25.00	
	Miscellaneous Expense	<u>7.05</u>	
	Total Funds Expended		<u>5,122,761.52</u>
			8,386,184.75
Fund Balance June 30, 1981	Shawmut Checking Account	11,337.29	
	Savings Accounts	<u>5,060.13</u>	
	Total Funds in Bank	16,397.42	
	Shart Term Investment as Listed an Balance Sheet	<u>8,369,787.33</u>	
Fund Balance June 30, 1981			<u>8,386,184.75</u>

HOW TO APPLY FOR LAND BANK ASSISTANCE

1. A simple preliminary application must be completed. Applicants must present a brief description of the project, site, and existing conditions as well as proposed uses and ownership. A short summary of the proposed financial assistance and development program is also required.
2. In most instances, private applicants will be required to have a local non-private entity such as a Redevelopment Authority, Economic Development & Industrial Corporation, City, Town, or Community Development Corporation, as co-applicant. The appropriate nonprivate co-applicant should be chosen as early as possible.
3. The Land Bank staff and a subcommittee made up of members of the Land Bank Board of Directors will informally evaluate the proposed project.
4. If the subcommittee recommends that the application be given further consideration by the full Board, a presentation of the project is made at an upcoming Board meeting. At that time, the Board may grant Preliminary Approval.
5. Upon granting Preliminary Approval, the Board sets forth a variety of conditions that applicants must meet before the project is eligible for Final Approval.
6. Unless the project involves surplus state or federal land, the property being considered must be declared a "blighted area" by the city or town and by the Government Land Bank.
7. A final application/redevelopment plan must then be completed. Required information includes detailed descriptions of the project and its financial feasibility, as well as supporting materials such as appraisals and engineering reports.
8. The redevelopment plan must be approved by the city or town.
9. The Land Bank will hold a public hearing to gather information relevant to the determination of blight and the redevelopment plan.
10. When these major requirements and all other conditions are met, the project is submitted to the Board of Directors for a final vote. After this vote, a Purchase and Sale Agreement, a Mortgage, and a Note will be signed, and the project implemented.
11. Land Bank funds will be raised in one of several ways depending on the project. Due to recent Internal Revenue Service rulings, bonds for most projects will be marketed at the time final documents are signed.

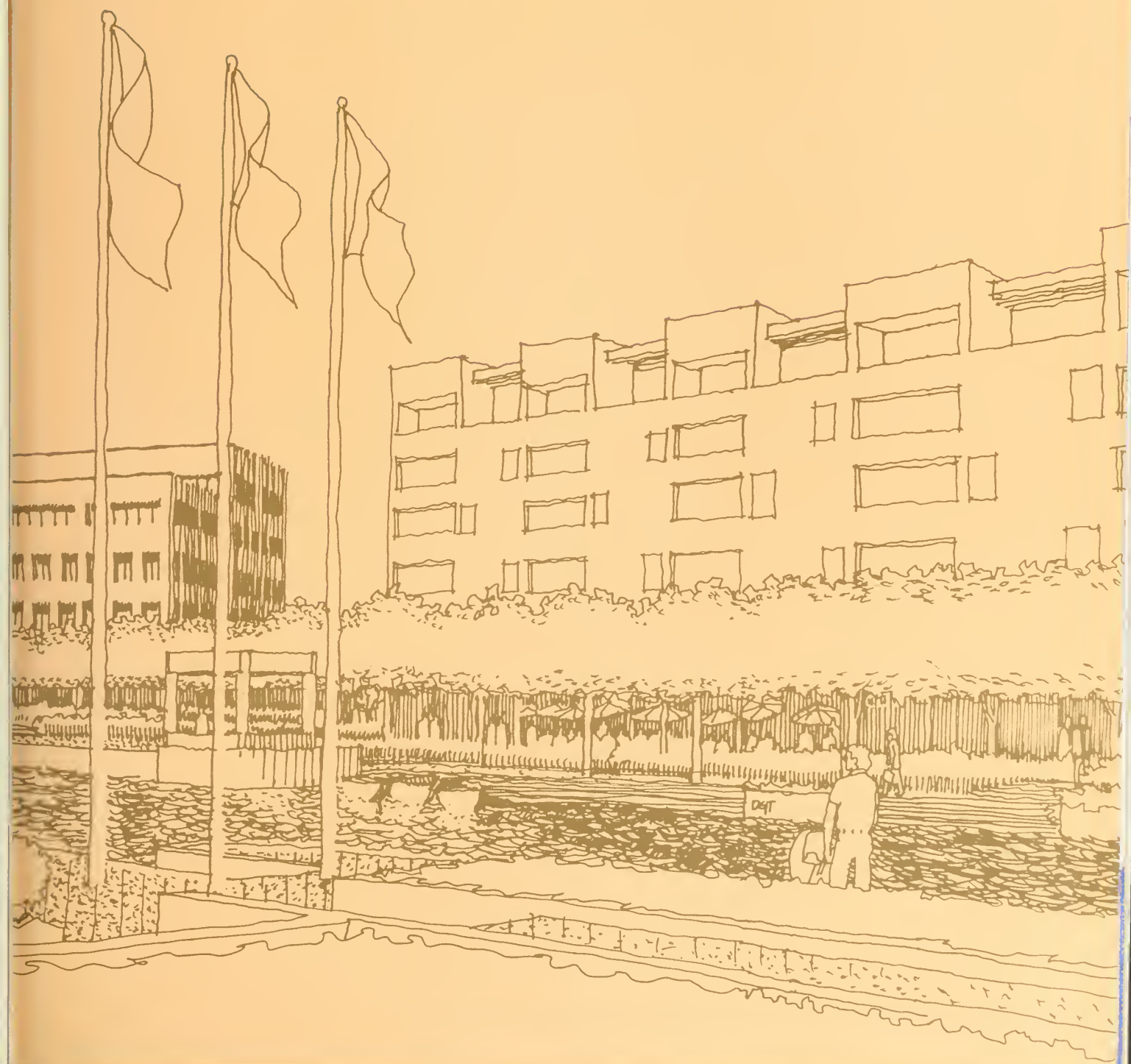
The Land Bank encourages cities, towns, nonprofit organizations, and private developers to contact the agency about assistance for redevelopment projects. A member of our staff will discuss your proposal and answer any questions you may have.

If you would like additional information about the services provided by the Government Land Bank contact:

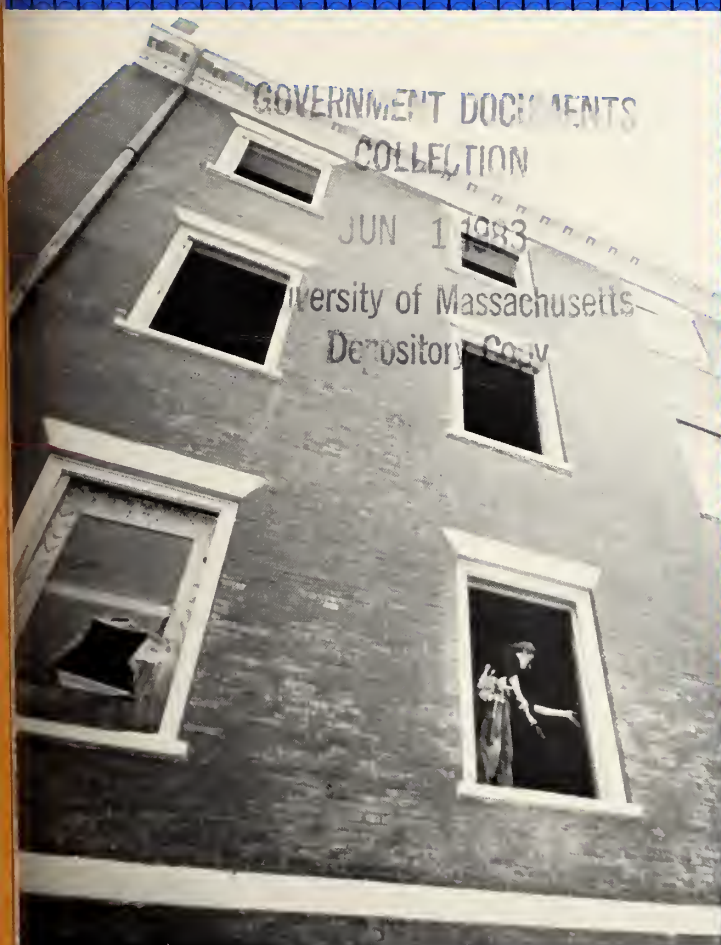
GOVERNMENT LAND BANK

Six Beaman Street, Suite 900
Boston, Massachusetts 02108
Telephone: (617) 727-8257

Jeffrey A. Simon
Executive Director



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The Massachusetts Government Land Bank works in cooperation with cities, towns, non-profit organizations and private enterprise to encourage and facilitate the redevelopment of underutilized, often overlooked property. Able to provide technical, financial and development assistance, the agency actively pursues real estate development projects which serve a clear public purpose but which lack sufficient public and private investment. Through its creation of job opportunities, its efforts to broaden the local tax base and its development of affordable housing, the Land Bank seeks to strengthen the economic stability of the Commonwealth.



Land Bank Investment
\$20.5 million



Private Investment
\$112.2 million

We are pleased to present the Annual Report for the fiscal year ending June 30, 1982. Our progress over the last 12 months is indicative of the successful transition from our sole involvement in the conversion of abandoned military bases to our present partnership with the private sector in the productive reuse of blighted property and other types of surplus government property. To date, the Land Bank has committed over three-fourths of its available \$40 million to the redevelopment of problem real estate in the Commonwealth.

The inherent difficulty in developing the properties we consider, is intensified by today's high interest rates and cutbacks in federal aid. Given the individual complexity of each project and the time and innovation required to establish a firm financial foundation, we are proud that 70% of the projects to which we have granted Final Approval are either completed or under construction.

Our accomplishments during this past year have been gratifying. A groundbreaking ceremony held at Gloucester's waterfront honored the start of site preparation activities for the development of a new fish processing center. The Land Bank completed demolition activities at a site in Cambridge and resold the property to the City allowing it to begin development of the blighted Lechmere Canal Area. The site preparation of three vacant lots in Somerville is making way for the addition of 13 moderately priced single family homes. A dedication ceremony in June marked efforts to renovate the 90-year-old historic Caledonian Building in downtown Holyoke as an office/retail complex. And finally, the Land Bank is now mortgagee of Newburyport's Garrison Inn, a 19th century building which is getting ready to once again open its doors to the public after almost 30 years of deterioration and neglect.

In addition to the Land Bank's list of endeavors is a program that combines the efforts of state and local governments with the private sector and offers communities an efficient means of recycling tax-delinquent residential property. The prototypes for this program are well underway and are adding to the supply of moderate-income rental housing in both Boston and Springfield.

The Land Bank staff's active role in the development of projects during fiscal 1982 accelerated a trend that began with the 1980 legislation that expanded the agency's original mandate. The Land Bank is in the process of computerizing its accounting system to accommodate the increase in projects and to facilitate the staff's capacity to undertake a greater portion of the market and real estate analyses. The staff has begun to approve

plans and specifications for each project and conduct routine site inspections during the construction phase to ensure that the completed project is consistent with the redevelopment plan.

The Land Bank's involvement during the development phase is matched by its concern for the projects' impact in the years that follow. By requiring a developer in one project to invest his equity into his project for an extended period of time, the Land Bank is helping to create moderately priced housing without the use of direct federal subsidies. In another instance, the Land Bank is requiring that a developer pay the agency an interest surcharge of one-half of the net cash flow above an agreed upon figure. This measure enhances the prospect for success in the difficult start-up years yet ensures that the public sector will retrieve a portion of the benefits when the property is established and more profitable.

The Land Bank's efforts to maximize the public value of projects is consistent with the agency's aim to assist cities and towns in the achievement of their economic and development goals. Despite restrictions from the Internal Revenue Service which limit the Land Bank's ability to fund certain types of development through the sale of tax-exempt bonds, the Land Bank, through its creative use of new and existing funds has remained responsive to the immediate and long-term concerns of the Commonwealth.

At a time of diminishing federal resources, state and local governments must generate new initiatives which will provide the mix of public and private investment necessary for effective partnerships with the private sector. The Land Bank's capacity to remove the obstacles which impede private action and to provide the leadership and incentives which attract investment, make the agency a valuable source of assistance in today's fluctuating economy.

We are confident that the Land Bank will continue to contribute to the economic vitality of the Commonwealth. We invite you to examine the highlights of fiscal 1982 in the pages that follow.

Sincerely,

William F. McCall, Jr.
Chairman

Jeffrey A. Simon
Executive Director



September, 1982

Governor
Chairman, Senate Committee
Ways and Means
Chairman, House Committee
Ways and Means
Secretary, Administration and
Finance
Comptroller

History and Purpose

In 1973 the State of Massachusetts lost 6,400 civilian jobs, 7,400 military jobs and salaries and wages totalling \$1.5 billion per year due to the closing of five major military bases. A commission established to examine the situation determined that the massive scale, initial investment and lengthy time periods associated with the redevelopment of these properties required public assistance in order to attract desirable development and private investment.

In 1975 the Massachusetts legislature passed a bill creating the Government Land Bank to assist communities in the conversion of surplus government property to private use. The Land Bank proceeded to play an active role in the redevelopment of Westover Air Force Base, the South Boston Naval Annex and the Chelsea Naval Hospital and presently holds long-term mortgages on all three.

In 1980 the legislature expanded the Land Bank's mandate to include blighted property as well as surplus state and federal property. By applying the expertise gained during its initial years of operation, the Land Bank today attempts to focus private investment on a wide variety of properties which are inherently difficult to develop due to factors such as condition or location. The agency emphasizes projects which address its long-term goals such as the generation of employment opportunities as well as immediate concerns such as the shortage of moderately priced housing.

A more detailed examination of the Land Bank's current capabilities and eligibility requirements follows.

Organizational Structure

The Land Bank is an independent state agency governed by a board of ten directors who represent both public and private real estate and development interests and whose qualifications are prescribed by statute. Board members are appointed by the Governor to staggered three-year terms. The agency operates with a small staff of experienced project planners.

Land Bank's current portfolio of projects reflects the following percentage distribution:

41% Industrial

32% Residential

27% Commercial

Capabilities

The Land Bank is empowered to take possession of, clear, improve and dispose of three kinds of property:

- Blighted open, decadent or standard property
- Surplus federal property within Massachusetts (No longer limited to former military bases)
- Surplus state property

The Land Bank must have an interest in the property while improvements funded by the agency are in progress. When the Land Bank sells property it can take back a mortgage at below-market interest rates. The Land Bank does not provide low-interest loans but improves and resells eligible property on favorable terms. The agency helps cities and towns with the technical analyses needed to determine the feasibility of a proposal. For each approved project, the Land Bank can undertake a wide range of development activities including rehabilitation, site preparation, construction, infrastructure development and demolition.



Eligibility

The Land Bank works jointly with project sponsors to determine the eligibility of individual projects. The agency considers applications for both small and large industrial, commercial, residential and mixed-use developments. The Land Bank is particularly interested in rehabilitation projects located in business and commercial districts, especially those involving the restoration of historic buildings. The Land Bank's new Tax-Delinquent Residential Property program reflects the agency's interest in reversing the decline of neighborhoods suffering from the problem of abandoned property.

Criteria

The criteria for Land Bank involvement include financial feasibility, public benefit, community support, and the leverage of private investment. Public purpose considerations include the number and type of jobs to be created, the short- and long-term effects on local tax rates and the impact on surrounding neighborhoods.

Projects must show a need for public investment, including evidence of the inadequacy or unavailability of private funding sources and other types of public financing. Often project sponsors use other types of public assistance in addition to Land Bank aid such as federal and state grants. The Land Bank can also work cooperatively with other state agencies such as the Massachusetts Industrial Finance Agency and the Massachusetts Housing Finance Agency.

All applicants are expected to make significant equity contributions to their respective projects.

Financial Flexibility

The Land Bank uses the proceeds of Massachusetts General Obligation Bonds to support its operations at a reduced interest rate. Interest rates are based on current bond interest rates plus an administrative charge. Expenses such as legal costs and engineering, architectural, and market analyses must be reimbursed at the time of closing. Expenses incurred by the Land Bank such as design, on-site contract supervision and the overall cost of improvements, may be added to the resale price. Terms of mortgages to the Land Bank on resales are generally equivalent to the terms of the bonds sold to fund projects. The Land Bank makes every effort, however, to establish terms which are responsive to the individual needs of each project. The Land Bank has access to \$40 million, three fourths of which is currently committed. In most instances, the Land Bank limits its investments to between \$250,000 and \$3 million. Each project must be economically viable and any investment made in a project by the Land Bank must be repaid in full.

Application Process

There are a number of steps project sponsors must take when applying for Land Bank assistance. The staff and a subcommittee of the Board of Directors initially assess the feasibility of each project and determine whether or not the proposed plan is consistent with the goals of the Land Bank and of the community. The full Board then reviews a recommendation by the staff and votes on Preliminary Approval. Applicants must comply with several conditions established by the Board before the project is eligible for Final Approval. The application process is explained in greater detail at the end of this report.

A project can be given Final Approval as quickly as 90 days from the day the Land Bank receives the completed preliminary application, depending on the nature and complexity of the proposal.

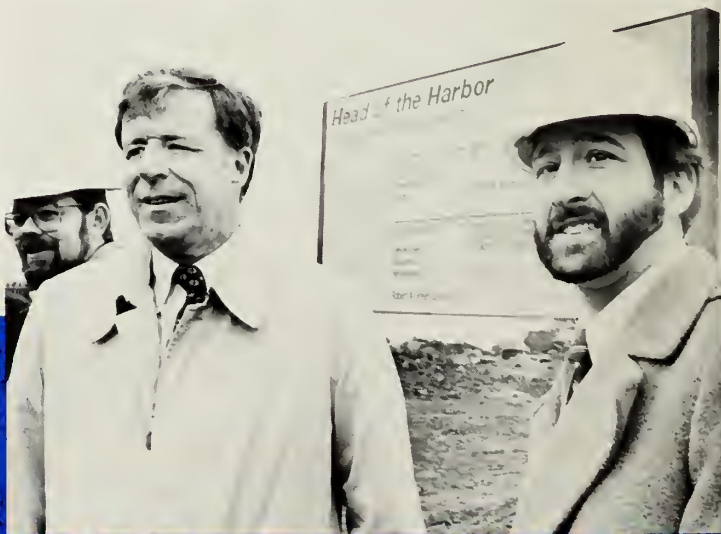


Employment remains a major priority among the Land Bank's development goals. The national recession and the decentralization of businesses and jobs have left cities and towns facing high levels of unemployment and an increasing lack of economic activity. The Land Bank's industrial developments have been aimed at strengthening the industrial and employment base of metropolitan areas by encouraging the productive use of vacant industrial land and buildings located adjacent to downtown districts.

In conjunction with the Gloucester Redevelopment Authority (GRA) and the State Executive Office of Environmental Affairs (EOEA), the Land Bank is helping the City of Gloucester provide its fishing fleet with modern processing plants. Redevelopment of a 4.2-acre portion of Gloucester's harbor will make it possible for much of the local catch to be processed locally and will provide approximately 280 additional employment opportunities.

The \$3.1 million Gloucester project illustrates the Land Bank's capacity to participate in projects as both financier and public developer. The Land Bank is preparing sites that will be sold to private builders for subsequent construction of fish processing plants. Land Bank contractors are currently dredging waters adjacent to the property and constructing retaining walls, off-loading platforms, work areas and piers.

The Land Bank purchased the site from the GRA in September, 1981, for \$1.00 and will sell the parcel back to the Authority once site improvements are complete. The purchase price will be an amount equal to the cost of improvement less a \$2 million grant from the EOEA and \$425,000 of available Gloucester funds.



The Land Bank holds the mortgage on the Boston Marine Industrial Center (BMIP), formerly the South Boston Naval Annex, and the Westover Industrial Airpark, formerly Westover Air Force Base. These parks continue to generate job opportunities and tax revenue in communities that experienced severe economic impact of the 13 military base closings. The 167-acre BMIP is owned and managed by Boston's Economic Development and Industrial Corporation (EDIC). The EDIC currently has leased 80% of the available 1.2 million square feet of space. Major tenants such as Au Bon Pain, Purolator-Courier, J.J. Daily, and PX Engineering have been recently added to the park's list of tenants. The park presently employs a total of approximately 1,500 people, a 40% increase over fiscal year 1981.

The EDIC recognized the importance of making job training accessible to unemployed and underpaid city residents and established the Boston Technical Center. Located in the BMIP, the Center offers training in welding, mechanics and other technical skills. The Center has graduated over 1,000 students in the course of its seven year history and continues to boast of a 90% job placement rate.

The Land Bank is presently considering another project with the EDIC involving the acquisition and rehabilitation of the Boston Army Base, which is located adjacent to the BMIP. Tentative plans call for renovating the obsolete military base to accommodate various garment manufacturing and leather companies which are being displaced from the downtown Chinatown area. According to the EDIC, these companies currently employ approximately 1,500 people and would add nearly 300 new jobs through expansion at the Army Base.

The Westover Industrial Airpark in Chicopee continues to benefit from aggressive marketing efforts of the Westover Metropolitan Development Corporation (WMDC). The WMDC recently signed a \$40,000 demolition contract which represents the first step toward construction of a large facility that will accommodate the textile corporation Ala-Vel. Upon completion, the firm expects to provide over 300 additional job opportunities. The Airpark currently employs well over 1,000 people.



The exodus of businesses from city and town centers over the past three decades has left behind empty factories, office buildings, rail centers and warehouses. Often these properties were poorly maintained during their last few years of use. Many continued to deteriorate after they were abandoned and today remain blighted, due to the high cost of rehabilitation and the growing lack of available resources.

Rehabilitation efforts in the past have been largely uncoordinated, and sponsored by individuals or small builders or developers, whose interests have been limited to restoring individual properties. The Land Bank is joining local officials in efforts to consolidate various local interests into comprehensive revitalization plans.

The Land Bank has been particularly useful in helping communities rehabilitate centrally located and historically significant buildings, whose redevelopment will stimulate further investment in the surrounding area. Several Land Bank projects are located in older, declining downtowns and many involve National Register properties.

The Land Bank is presently assisting with the rehabilitation of a 10-year-old historic structure located in the center of Holyoke's business district. The Land Bank will invest \$875,000, enabling the developer to convert the formerly vacant Caledonian Building into first-class office and retail space. Reflecting recent changes in real estate finance, the Land Bank will receive 50% of the net cash flow as an interest surcharge. Reconstruction efforts are well underway and are expected to be complete by January, 1983.

In a further effort to encourage local initiatives, the Land Bank also requires the active participation of municipalities to ensure that projects are sensitive to local needs. The value of requiring localities to demonstrate their support is particularly evident in the Caledonian project. The City of Holyoke has agreed to provide public parking facilities and is contributing both a low-interest loan in the amount of \$120,000 and a facade improvement grant of \$10,000.



Photo courtesy of
Holyoke Transcript-Telegram

Land Bank has recently agreed to invest in a rehabilitation project located in the center of Lynn. Like Brocke, Lynn's revitalization efforts have suffered from the damaging effects of fires several times in the past few years. One of the projects to be undertaken after the disastrous fire of January, 1981, is the renovation of One Market Street, a vacant building in City Square. The Land Bank's investment of \$580,000 will enable developers to convert the 55-year-old building into first-class office and commercial space.

The Lechmere Canal area of East Boston bridge went through major reconstruction alterations over the last several years which culminated in the closure of a majority of the area's industrial firms. Construction of an office/retail complex is expected to begin within the next two to three months as the Land Bank continues to assist the City of Cambridge in its efforts to promote new development in this declining region.

The Land Bank this year completed demolition and site work on one parcel, which the agency then sold to the City. The City has begun construction of a public park which will open out onto the canal and provide a strong setting for future site investment in the area.

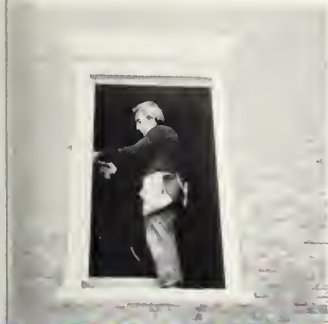
Mixed-use projects containing housing and commercial space are often the most feasible types of development in small cities or towns where the demand for retail and office space is limited. The combination of housing and commercial space meets local housing demands and provides community centers with economic activity.

The Land Bank has granted Final Approval to a mixed-use project in downtown Leominster which involves the rehabilitation of a prominent four-story structure known as the WoodBlock Building. If the developer can raise the required syndication proceeds, the Land Bank will invest \$720,000 in the acquisition and redevelopment of the 90-year-old building.

In some instances, the Land Bank's technical assistance enables project proponents to undertake a project with alternative means of financing and without monetary aid from the Land Bank. Earlier this year, the Land Bank helped the Town of Framingham prepare and circulate a developer's kit for the rehabilitation of an obsolete railroad station, a National Register property designed by Henry Hobson Richardson. The Land Bank currently is assisting the Town of Amesbury with the feasibility analysis of a millyard consisting of several multi-story deteriorating structures that are largely vacant or used for warehousing.

The Land Bank joins the City of Newburyport in its anxious wait to celebrate the reopening of the Garrison Inn, an early 19th century hotel located in the City's commercial district. The Land Bank's investment commitment, the City's support, and the developer's extensive background in reconstruction, are responsible for restoring this landmark structure to productive use after almost three decades of decline. With construction close to completion, the Land Bank resold the building this past June, taking back a note and mortgage in the amount of \$900,000.

In an effort to promote the best possible working conditions in an industry characterized by a high degree of job turnover, the Land Bank and developer of the Inn have agreed that employees will be paid at least 150% of the minimum wage and will have rotating job responsibilities to increase job satisfaction.



The availability of quality affordable housing is essential to the economic stability of those who comprise the workforce and generate the income that supports the business and commercial districts of cities and towns. The high cost of financing and the predominance of high priced housing are forcing more and more moderate-income homeseekers out of the market. In an attempt to address the current housing crisis, the Land Bank is making a concerted effort to provide homeownership and rental opportunities to families unable to afford market-rate housing.

The Land Bank is currently working with a private developer on the rehabilitation of a vacant building in the Walter Baker Chocolate Mill complex located in Dorchester Lower Mills. The Land Bank is undertaking the project in cooperation with the City of Boston and the federal Urban Development Action Grant (UDAG) program. The project will result in the creation of 57 units of housing. The finished apartments will be rented for six years, then offered for sale as condominium units. Funding for the project is from both public and private sources. The Land Bank is investing \$3.3 million which will be repaid through rental income and, eventually, through the sale of the units.

The Land Bank is requiring that the developer create housing units that moderate-income families can afford and that the developer guarantee that rent levels not exceed agreed-upon amount. In order to keep rent levels low and still make the project economically feasible, the developer must invest the syndication proceeds and the City must invest a UDAG in two interest-earning accounts for the six-year rental period. During that time the interest income from these accounts will be used to reduce rent needed to pay operating costs and mortgage payments. In effect, the developer will be subsidizing the rents.



The Land Bank is also requiring that at the end of six years, the developer offer existing tenants the option to buy their apartments at below-market rates. To help minimize displacement when the apartments are converted to condominiums, any principal remaining in the UDAG account will be available for tenants in the form of low-interest, second-mortgage loans. The participation of the Land Bank and City coupled with the developer's willingness to accept a smaller profit and return some profits back into the project, represents the kind of joint effort that will be increasingly necessary as federal assistance continues to diminish.

The Land Bank is helping the City of Somerville add to its supply of moderately priced single family homes by working as co-developer with the Somerville Corporation, a non-profit social service agency. The project involves the construction of 13 single family houses on the vacant lots that had been taken by the City for non-payment of taxes.

The Land Bank purchased two of the lots from the City of Somerville and one from the Somerville Corporation. Land Bank contractors are completing site preparation and construction of the foundations for the two-story modular homes. The combination of factory-built houses and low-interest development assistance provided by the Land Bank is ensuring that the prices for each of the 1,000 square foot units will be within the reach of moderate-income families. With the cooperation of the Massachusetts Housing Finance Agency, low interest single family mortgages will be available to eligible buyers, enhancing the affordability of the homes.

The Land Bank's continuing investment in the redevelopment of the Chelsea Naval Hospital is expected to result in over 1,000 units of housing over the next several years. In 1979 the Land Bank invested \$2.7 million in acquiring the 88 acres of property and in carrying out a demolition plan. When the Land Bank completed demolition of the existing buildings, it resold the property to the City of Chelsea, taking back a long-term mortgage, which will be repaid as the City resells portions of the property to the developer.

With the first phase of construction nearly complete, 160 units of subsidized housing for the elderly will be ready for occupancy by mid-summer, 1982. Rehabilitation of the former Marine and Maritime Hospitals is well underway and is expected to provide an additional 66 units of subsidized housing by April 1983.



The Attorney General's office estimates that there are thousands of vacant residential buildings located throughout the state. These structures contribute to the economic decline of communities by inviting vandalism and arson. The dwindling supply of affordable housing in Massachusetts coupled with the high costs of new construction have made underutilized properties such as these an increasingly attractive resource for housing creation and neighborhood revitalization. Restoration, however, is costly and the substantial delinquent taxes owed on abandoned property often makes it impractical for potential buyers to invest in rehabilitation ventures.

The Land Bank, in cooperation with the Attorney General's office, is confronting the problem by developing a new program aimed at restoring vacant or substandard residential property in tax arrears to productive use and tax-paying status. The program makes low-interest permanent financing available to individuals and community groups for the rehabilitation of eligible properties. In order to assure the success of a project, the municipality must abate a significant portion of any outstanding taxes or, if the tax title has been foreclosed, must sell the property for a nominal price. Statewide implementation of the program will not only provide local governments with additional tax revenue but will help increase the housing stock and eliminate the destabilizing influence these deteriorating properties have on urban neighborhoods across the Commonwealth. The program is currently being tested in the City of Boston and in the City of Springfield. The first of these prototypes, known by its address as '7-9 Brent Street,' involves the rehabilitation of an abandoned three-story frame house located in the Dorchester section of Boston. Living in Dorchester, Incorporated, a non-profit housing development corporation,

is renovating the six-unit building for rental housing aimed at moderate-income families. The Land Bank, which presently owns the property, will resell the building to Living in Dorchester once improvements are complete and take back a 20-year mortgage in the amount of \$72,000 at an 8% interest rate.

The Land Bank's decision to assist the non-profit housing group was dependent on a commitment by the City of Boston to abate 87% of the back taxes on the property. In response to the efforts of the Land Bank and Attorney General's office, the City of Boston recently implemented a new set of procedures designed to expedite the prolonged process of applying for an abatement. As a result, the appropriate abatement was secured in one-quarter of the time normally required.

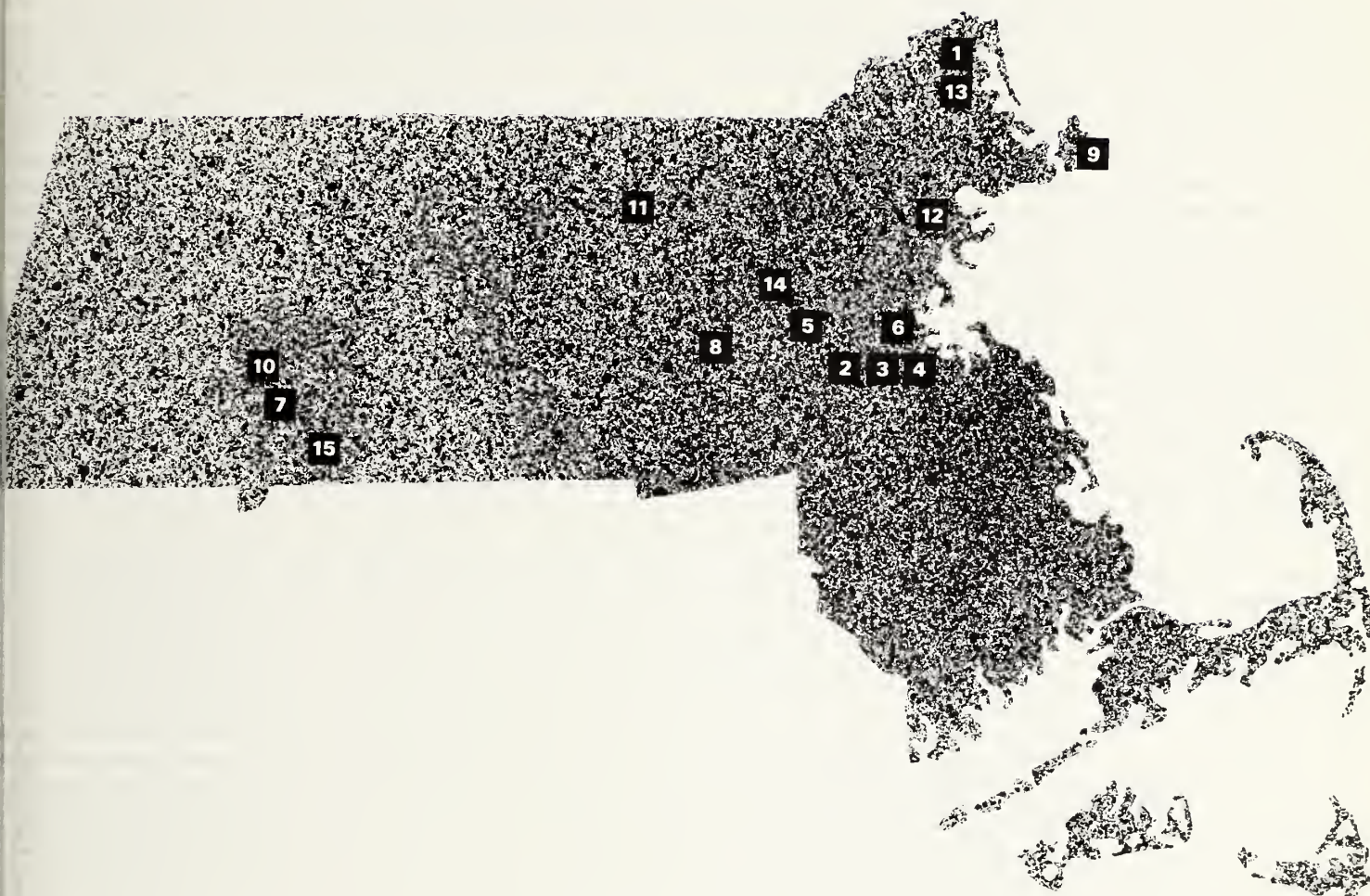
The cost of \$12,000 to renovate each of six units is well below typical residential rehabilitation costs, which generally range between \$35,000 and \$40,000 per unit. The Brent Street housing project is expected to be ready for occupancy by early fall 1982.

The Land Bank is also investing in a development project in the Brightwood section of Springfield that will result in the preservation of 23 units of moderate-income rental housing. A local realty firm which is sponsoring the project jointly with the Brightwood Development Corporation recently purchased the four-story building from the City for \$25,000. The City which owned the building as a result of tax foreclosure proceedings has agreed to defer payment for five years.

The Land Bank is investing \$126,000 in rehabilitation costs. The realty firm has agreed to provide \$11,000 in equity and the City is expected to finance the purchase of property adjacent to the building. The City's efforts to clear and landscape the surrounding area will open up an entrance to the building, which currently faces a narrow alley, and will thereby improve security and provide off-street parking for residents.

The building is almost fully occupied and contains housing units of one to three bedrooms. The tenant mix includes low-income families and elderly residents. Rehabilitation will be carried out without displacing tenants and without significantly increasing rents.





Amesbury Millyard (T) Amesbury	5 Lechmere Canal Project (FD) Cambridge	9 Head of Harbor Project (FD) Gloucester	14 Somerville Housing Project (FD) Somerville
Boston Marine Industrial Park (F) Boston (South Boston)	6 Chelsea Village (F) Chelsea	10 Caledonian Building (F) Holyoke	15 Brightwood Main Street (F) Springfield
99 Brent Street (F) Boston (Dorchester)	7 Westover Industrial Airpark (F) Chicopee	11 WoodBlock Building (F) Loominster	(T) Technical Assistance
Walter Baker Chocolate Mills (F) Boston (Dorchester Lower Mills)	8 Framingham Railroad Station (T) Framingham	12 One Market Street (F) Lynn	(F) Financial Assistance
		13 Garrison Inn (F) Newburyport	(D) Development Assistance

Income and Expenses for the Year Ended June 30, 1982

Commonwealth of Massachusetts Government Land Bank

Income	Investment Income	1,466,178.87
	Mortgage Interest Income	588,247.01
	Miscellaneous Revenue	660.04
	<i>Total Income</i>	<i>2,055,085.92</i>
	Less:	
	Interest Expense	1,310,300.85
	<i>Net Income Available for Administration</i>	<i>744,785.07</i>
	Less:	
	Administrative Expenses	
	Salaries	174,147.42
	Legal & Professional Fees	31,058.27
	Rental Office Space (net of Rental Income)	27,079.64
	Contract Services	32,586.25
	Postage, Freight, Printing, and Publications	8,765.32
	Insurance	7,940.29
	Telephone and Telegraph	6,168.72
	Amortization of Leasehold Improvements	4,074.92
	Rental of Equipment	3,409.28
	Travel and Other Expenses	3,348.83
	Consumable Expenses— Office Supplies	3,223.60
	Depreciation of Office Equipment	2,439.54
	Repairs and Maintenance	1,467.27
	Employee Group and Health Insurance	1,342.39
	Conference and Educational Expenses	1,332.50
	Utilities	1,044.62
	Advertising	887.38
	Promotional Expenses	50.00
	Miscellaneous Expenses	22.53
	<i>Total Administrative Expenses</i>	<i>310,388.77</i>
	<i>Excess Income Over Expenses</i>	<i>434,396.30</i>

Commonwealth of Massachusetts Government Land Bank

Assets

Current Assets

Cash on Hand and in Bank		9,373.34
Investments—Massachusetts Municipal Depository Trust	10,411,688.93	
Commonwealth Bank & Trust Certificate of Deposit	10,400.00	
Certificate of Deposit for Industrial Revenue Bond	900,000.00	11,322,088.93
Accrued Interest Receivable Mortgages		31,438.72

Total Current Assets 11,362,900.99

Mortgages Receivable 11,351,933.83

Office Equipment	16,791.31	
Less: Reserve for Depreciation	3,020.06	13,771.25

Leasehold Improvements	24,449.51	
Less: Reserve for Amortization	4,074.92	20,374.59

Projects in Progress 101,973.07

Total Assets 22,850,953.73

Liabilities

Security and other Deposits Payable		3,058.34
Industrial Revenue Bond Payable		900,000.00
Advances—Projects in Progress		1,982,124.25
Equipment Contract Payable		12,011.95
Accrued Interest Payable		1,229,695.50
Bonds Payable (with unamortized Premium)		18,276,311.99
Federal Funds Balance		4,448.26

Total Liabilities 22,407,650.29

Retained Earnings

Balance—July 1, 1981 6,442.82

Add: Expenses Previously Deducted,
Charged To Projects in Progress 4,274.00

Excess Income over Expenses 434,396.30

445,113.12

Less: Write-off of Uncollectible

Account Receivable 1,809.68

Retained Earnings—June 30, 1982 443,303.44

Total Retained Earnings and Liabilities 22,850,953.73

Statement of Funds Received and Disbursed for the Year Ended June 30, 1982

Commonwealth of Massachusetts Government Land Bank		
Funds Balance July 1, 1982	Shawmut Checking Account	11,337.29
	Savings Accounts	5,060.13
	<i>Total Funds in Bank</i>	16,397.42
	Short Term Investments	8,369,787.33
	<i>Total Funds Balance</i>	8,386,184.75
Funds Received	Advance for Projects	2,000,000.00
	Interest Income	1,805,295.57
	Payment for Projects in Progress	1,016,501.35
	Proceeds of Industrial Revenue Bond	900,000.00
	Payment of Principal on Mortgages Receivable	180,706.33
	Rental Deposits	1,438.34
	Gloucester Deposits	1,420.00
	Miscellaneous Income	261.50
	Somerville Deposits	250.00
	<i>Total Funds Received</i>	5,905,873.09
	<i>Total Funds Available</i>	14,292,057.84
Funds Expended	Projects in Progress	1,806,865.00
	Interest Expense	479,467.01
	Bonds Payable	265,000.00
	Salaries	174,147.42
	Legal Fees	58,509.15
	Contract Services	47,343.36
	Contingent Liabilities	30,000.00
	Rent	27,079.64
	Leasehold Improvements	24,449.51
	Postage, Printing and Publications	9,262.97
	Insurance	8,174.00
	Telephone	6,549.86
	Employee Benefit Insurance	5,104.18
	Travel and Other Expenses	3,602.41
	Office Equipment Rental	3,406.55
	Consumable Expenses	3,227.60
	Office Equipment	2,839.00
	Repairs and Maintenance	1,467.27
	Conference Expense	1,332.50
	Advertising	1,131.48
	Utilities	1,044.62
	Loans Payable—Office Equipment	618.30
	Promotional Expense	50.00
	<i>Total Funds Expended</i>	2,960,671.83
		11,331,386.01
Funds Balance June 30, 1982	Shawmut Checking Account	3,967.01
	Shawmut Savings Account	5,330.01
	Term Certificate of Deposit	10,400.00
	Certificate of Deposit for Industrial Revenue Bond	900,000.00
	Massachusetts Municipal Depository Trust	10,411,688.99
	<i>Total Funds Balance June 30, 1982</i>	11,331,386.01

1

A simple preliminary application must be completed. Applicants must present a brief description of the project, site, and existing conditions as well as proposed uses and ownership. A short summary of the proposed financial assistance and development program is also required.

2

Private applicants will be required to obtain the support of a local nonprivate entity such as a Redevelopment Authority, Economic Development & Industrial Corporation, City, Town, or Community Development Corporation. The appropriate nonprivate entity should be chosen as early as possible.

3

The Land Bank staff and a subcommittee made up of members of the Land Bank Board of Directors will informally evaluate the proposed project.

4

If the subcommittee recommends that the application be given further consideration by the full Board, a presentation of the project is made at a full Board meeting. At that time, the Board may grant Preliminary Approval.

5

Upon granting Preliminary Approval, the Board establishes the conditions that the applicant(s) must meet before the project is eligible for Final Approval.

6

Unless the project is on surplus state or federal land, the property being considered must be declared a "blighted area" by the city or town and by the Land Bank.

7

A final application/redevelopment plan must then be completed. Required information includes detailed descriptions of the project and its financial feasibility, as well as supporting materials, such as appraisals and engineering reports.

8

The redevelopment plan must be approved by the city or town.

9

The Land Bank will hold a public hearing to gather information relevant to the determination of blight and the redevelopment plan.

10

When these major requirements and all other conditions are met, the project is submitted to the Board of Directors for a final vote. If this vote is favorable, the project will be implemented by the execution of a purchase and sale agreement and other required agreements.

11

Bonds for most projects will be marketed at the time final documents are signed.

Application Process

Interested participants must follow normal application procedures for Land Bank assistance. In addition:

1

Local sponsors must determine eligibility of their property and obtain site control.

2

The preliminary application to the Land Bank should include a detailed development budget and operating budget to demonstrate financial feasibility.

3

Pending Preliminary Approval by the Land Bank's Board of Directors, the Land Bank staff and Attorney General's office will work with local government officials and the Commissioner of Revenue to secure the appropriate abatement or favorable sale price.

4

Local sponsors are responsible for securing a construction loan from a local bank.

5

A management plan must be submitted with the final application and approved by the Land Bank Board of Directors. Among the issues that will be considered are the experience and qualifications of management personnel, provisions for maintenance and repair, lease forms and conditions, rent levels and eviction procedures.

Staff
Jeffrey A. Simon
Executive Director
David S. Knisely
Director of Projects
Project Managers
Shleen Hogan
Edward W. Davis
Gordon Archibald
Barbara E. Rovin
Mary C. Findley
Budget Administrator
Lorena L. Udoff
Communications Manager
Cynthia A. Colby
Secretary
Deborah R. Furr
Secretary/Receptionist
Kenneth W. Kirsch
Insurance

Board of Directors

William F. McCall, Jr.
Chairman
Carolyn P. Partan
Vice-Chairman
Lawrence C. Sullivan
Secretary
Alfred W. Archibald
H. James Brown
Charles E. Mitchell
Richard W. Reynolds
Linda A. Whitlock
Richard A. Skerry, Jr.
(for David M. Bartley, ex officio)
John Judge
(for Byron J. Matthews, ex officio)

The Land Bank encourages cities, towns, nonprofit organizations, and private developers to contact the agency about assistance for redevelopment projects. A member of our staff will discuss your proposal and answer any questions you may have.

If you would like additional information about the services provided by the Government Land Bank contact:

Government Land Bank
Six Beacon Street, Suite 900
Boston, Massachusetts 02108
Telephone:
617 727-8257

Jeffrey A. Simon
Executive Director

Government Land Bank
Six Beacon Street, Suite 900
Boston, Massachusetts 02108

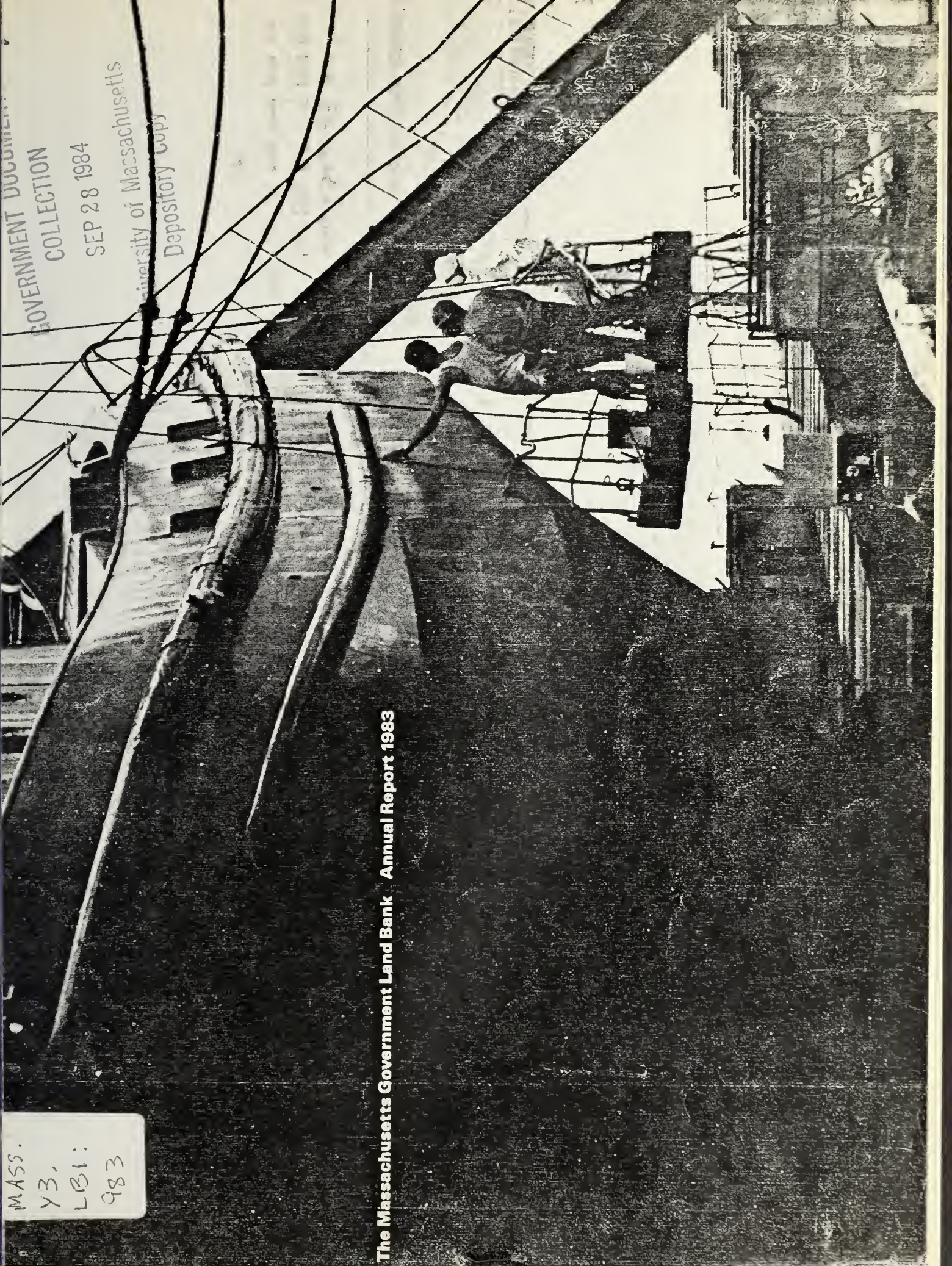
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The Massachusetts Government Land Bank Annual Report 1983



The Land Bank provides cities, towns, non-profit organizations and private developers with mortgage and development assistance to implement real estate projects which serve a clear public purpose but which lack sufficient public and private investment. The agency attempts to extend the impact of its limited financial and staff resources by pursuing projects that are replicable by the private sector and other public agencies and that serve as a catalyst for further development in the surrounding area.

Created by an act of the Massachusetts Legislature in 1975, the Land Bank is an independent state agency authorized to use the proceeds of General Obligation Bonds to fund its operations and projects. The agency is governed by a board of ten directors that includes representatives from both the public and private sectors.

September, 1983

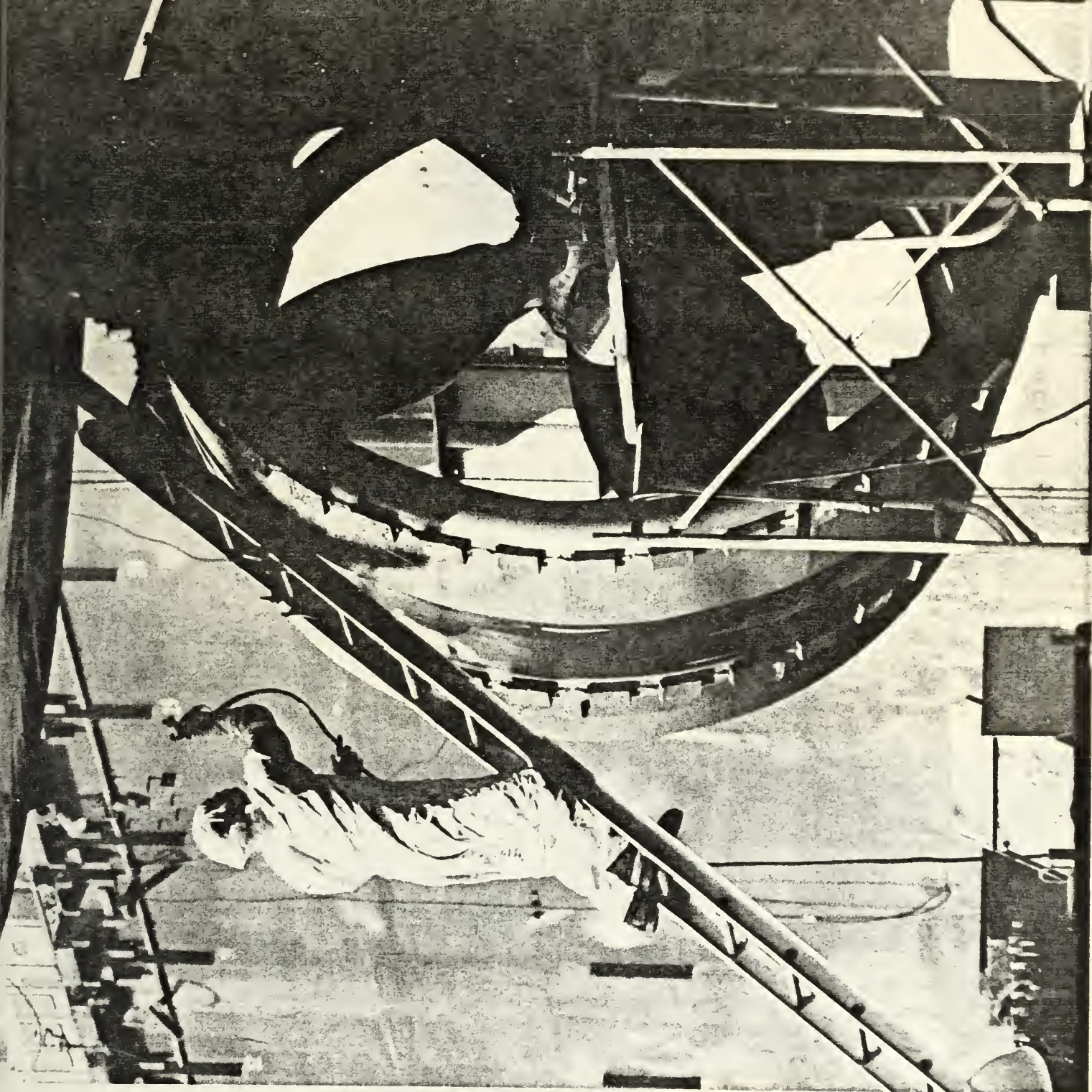
To:

The Governor
The Chairman,
Senate Committee on
Ways and Means
The Chairman,
House Committee on
Ways and Means
The Secretary,
Administration and Finance
The Comptroller

As the Land Bank enters fiscal 1984, it maintains a project portfolio that reflects a greater diversity of roles and development pursuits than ever before in the agency's eight year history. Our accomplishments in the areas of industry, commerce and housing demonstrate our continuing efforts to focus private investment on underutilized properties whose redevelopment results in the creation of jobs, the revitalization of communities and the production of affordable housing. **T**he Massachusetts Legislature originally created the Land Bank to help the communities hit hardest by the Department of Defense's decision in 1973 to close 40 military bases throughout the nation, five of which were located in Massachusetts. The State equipped the newly formed agency with broad powers solely for the purpose of enabling it to successfully contend with the massive scale, initial investment and lengthy time periods associated with the conversion of these bases to private use.

As a result of our financial participation in the redevelopment of the South Boston Naval Annex, Westover Air Force Base and Chelsea Naval Hospital, we now hold long-term mortgages on two thriving industrial parks in Boston and Chicopee and a major housing development in Chelsea. **R**ecognizing the potential value of applying the Land Bank's development and financial capabilities to a wider variety of economic development problems, the Legislature broadened the Land Bank's authority in 1980 to include blighted property as well as surplus state and federal property. Since that time, we have significantly expanded our involvement in management, construction, property development and finance. In the past year, we have begun to implement programmatic changes designed to better target our assistance. A look at our current projects reflects our progress.





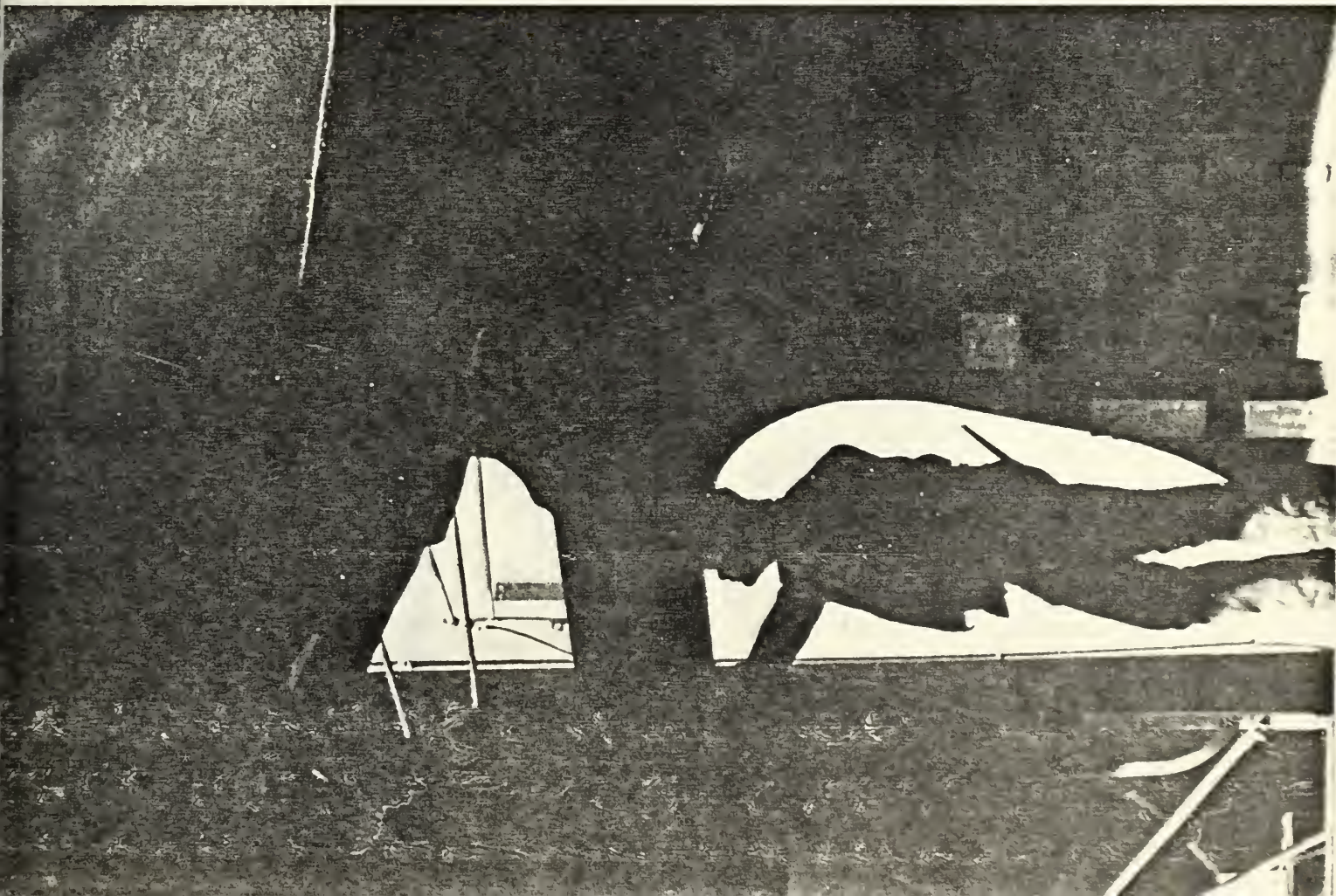
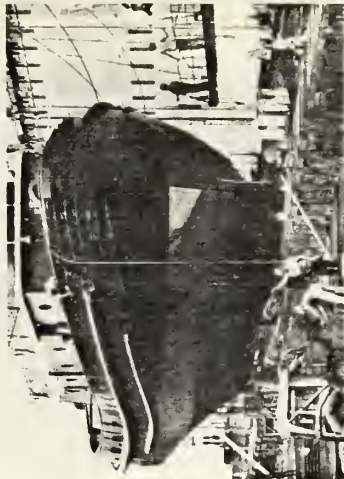
The Land Bank continues to play an important role in helping the Commonwealth confront the aftermath of federally imposed or corporate-based decisions resulting in the significant loss of jobs and tax revenue. Our recent \$1.5 million investment in the East Boston Shipyard is helping to soften the economic impact of Bethlehem Steel's decision in 1982 to close the facility. Land Bank assistance is helping Boston Shipyard Corporation, made up largely of former Bethlehem Steel employees, restore the facility to productive use. This effort will provide the Commonwealth with a continuing competitive edge in the ship building and repair industry. Our participation and the demonstrated competence of Boston Shipyard Corporation

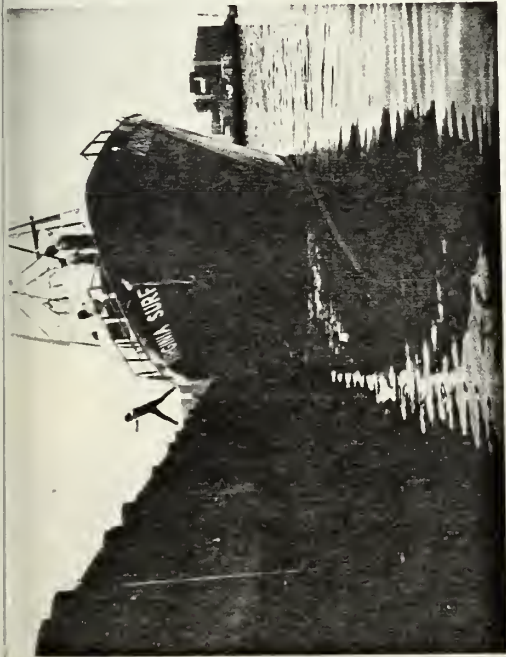
One of the largest dry dock facilities in the northeast, the Boston Shipyard has been awarded \$5.5 million worth of contracts since it reopened in January 1983. The 19-acre yard contains one of the most versatile machine shops in Eastern Massachusetts, and currently employs approximately 200 people.

Land Bank investment:

\$1.5 million

provided the Shawmut Bank of Boston with the support it needed to invest \$2.7 million into the project and to share a first mortgage position with the Land Bank. The willingness of a major private financial institution to participate on an equal basis with the public sector is indicative of the solid ties we have begun to develop with the financial community.





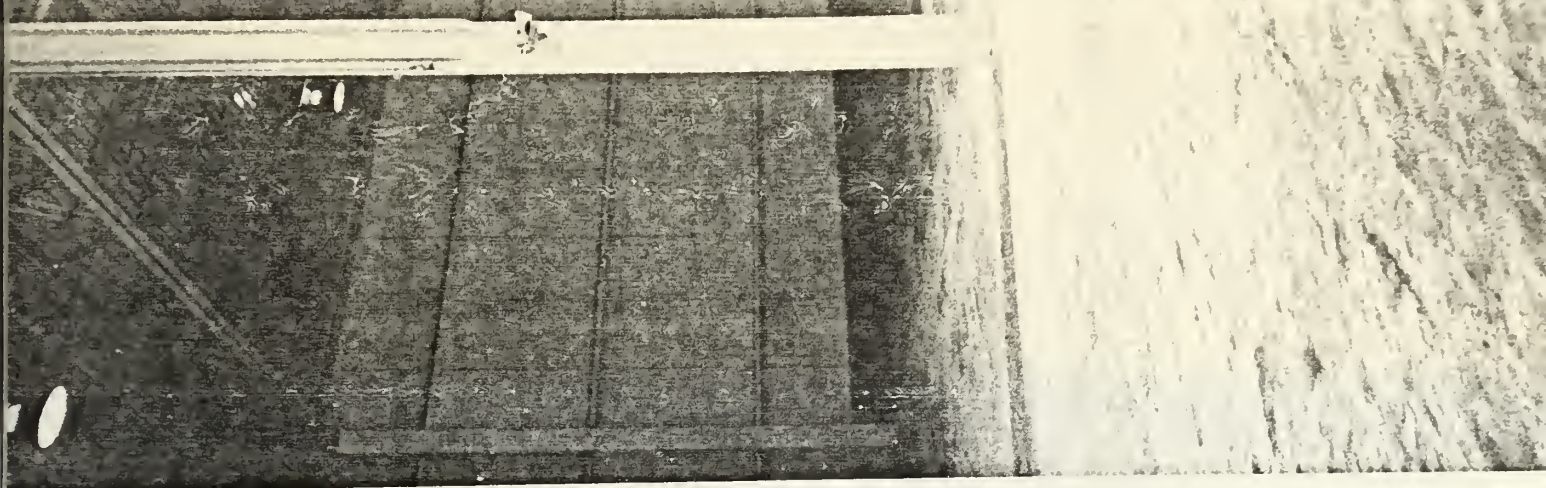
Head of the Harbor, Gloucester

The \$3 million Gloucester project illustrates the Land Bank's capacity to participate in projects as both financier and public developer. Land Bank contractors dredged the inner harbor, built a retaining wall and constructed two large piers, an off-loading platform and work area.

The Gloucester Redevelopment Authority will market the prepared sites to private developers for the construction of processing plants.
Land Bank investment: \$560,000

Our development efforts in Gloucester are providing the State's fishing industry with a modern fish processing center. The Land Bank recently completed the site preparation of a 4.2 acre portion of Gloucester's harbor, making way for the long-awaited construction of four proposed plants. The Land Bank's development role was a critical factor in bringing the project to fruition. The State's Environmental Affairs Office had funds it was willing to allocate to the project, but like the City, needed help to prepare the site. Redevelopment of the City's Head of the Harbor after 11 years of frustrated attempts will make it possible for much of the local catch to be processed locally and will generate approximately 280 additional employment opportunities. The Land Bank's broad scope of powers which enable us

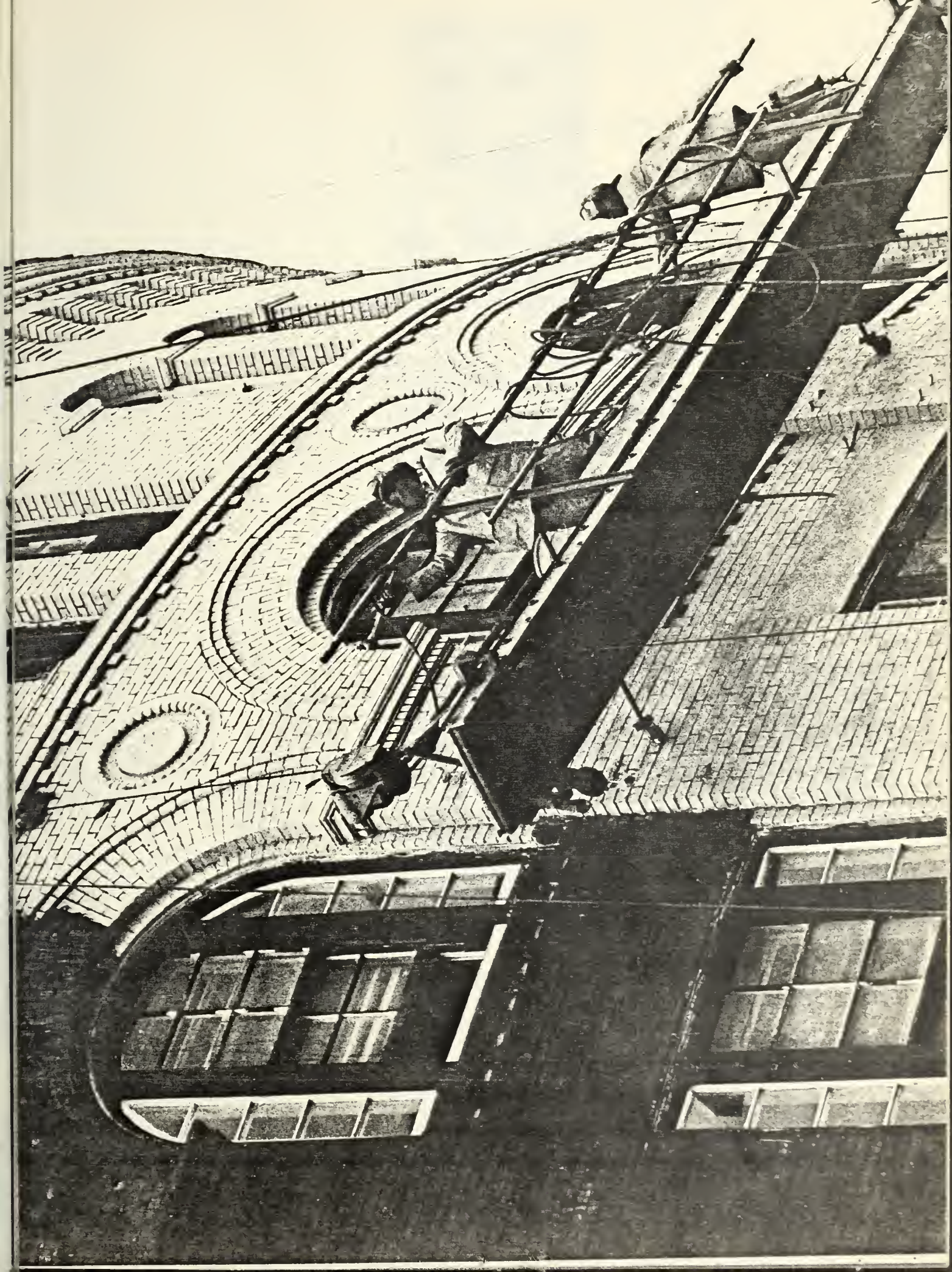
to provide the missing link in projects prompted a further request from the State Executive Office of Environmental Affairs (EOEA) that we temporarily manage the Gloucester State Fish Pier located adjacent to the Head of the Harbor site. The Land Bank, which is leasing the property, is helping to facilitate a management transition from the Gloucester Community Pier Association to the EOEA's Division of Waterways. We have hired a Pier Manager and are in the process of initiating a development plan for future improvements to the Pier which will provide a natural complement to the facilities at the Head of the Harbor.



**State Fish Pier,
Gloucester**

The \$5 million construction of a cold storage and freezer facility, financed by the Executive Office of Environmental Affairs, is expected to have a beneficial impact on the Head of the Harbor project, located adjacent to the Pier. The Land Bank will act as interim manager of the Pier until summer 1984.





Dorchester Lower Mills

Land Bank assistance is helping to convert the historic Baker Chocolate Mill Complex in Dorchester into moderately priced housing. Rehabilitation of the Adams Building (shown) will result in 58 one and two bedroom apartments which will be offered initially as rental housing and then converted to condominiums at the end of six years

The developer will offer existing tenants the first option to buy their apartments at below-market interest rates.
Land Bank investment: \$3.3 million

The Land Bank's ability to undertake development activities has strengthened our efforts to help the state replenish its dwindling stock of moderately priced housing. In the early part of fiscal 1983, the Land Bank prepared three vacant lots in Somerville for the construction of 13 modular townhouses. The combination of factory-built houses, low-interest development assistance provided by the Land Bank and below-market mortgages provided by the Massachusetts Housing Finance Agency, resulted in price tags between \$48,000 and \$53,000. We are currently pursuing a similar effort in the town of Framingham.

The Land Bank's modular housing developments have been carried out under the auspices of our Tax Delinquent Housing Program, one of two recent housing efforts aimed at demonstrating innovative means of providing affordable rental

and homeownership opportunities to families of low and moderate income. Pilot projects leading up to the development of guidelines for the program revealed a number of problems associated with the improvement and reuse of tax encumbered residential property and provided an opportunity to develop and implement practical solutions. For example, the Land Bank's measures to help a Dorchester community group rehabilitate a six unit building which was subject to approximately \$27,000 in back taxes, highlighted the importance of using abatement and foreclosure procedures as a means of restoring these arson prone properties to productive use.

Another example concerns a housing development in Dorchester involving the rehabilitation of three buildings comprising 17 rental apartments. The sponsoring local housing development corporation (HDC) is addressing long-term management issues by hiring the services of a management firm with specific expertise in urban and family housing. The firm

Springfield

The Land Bank is providing the permanent financing for a development project in the North End neighborhood of Springfield which has resulted in the preservation of 23 units of moderate income housing. Redevelop-

ment of the four-story building, formerly owned by the City as a result of tax foreclosure proceedings, contributed to the formation of the Land Bank's Tax Delinquent Housing Program.
Land Bank investment: \$149,000

has set up the management structure for the project, is providing management training to the HDC staff, and has agreed to monitor the staff's progress over the first several years of the project. The Land Bank is also planning to hold a Rental Housing Rehab Competition in which \$3 million will be allocated to the four or five proposals offering the most innovative solutions to the problems of producing moderate income rental housing. The total number of units produced directly by either program is less critical to us than the encouragement of demonstration projects which eventually can be duplicated by other agencies.







Lawrence

Rehabilitation of the Old Public Library in Lawrence will provide 20,000 square feet of first class office space. Public areas of the building are being designed to accommodate visual displays of historic interest to encourage public access to the building.

Built in 1892 in the Romanesque style of architecture, the building is listed on the National Register of Historic Places.
Land Bank investment:
\$600,000

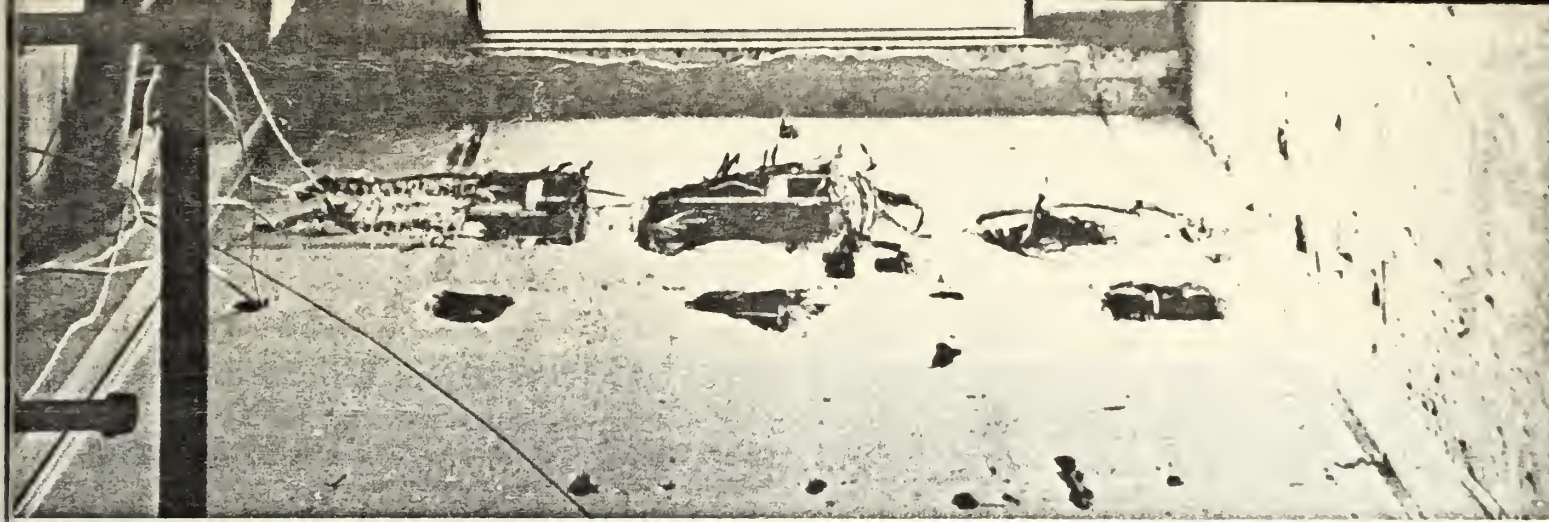
We are approaching our community revitalization efforts in a similar fashion by concentrating our assistance on prominently located downtown properties whose redevelopment will stimulate further investment in the surrounding area. We are currently planning to formalize a program centered on the redevelopment of these keynote buildings. Successful Land Bank ventures which will contribute to the formation of the program include the redevelopment of the Garrison Inn, a 19th century landmark structure in Newburyport, the restoration of Holyoke's Caledonian Building, a four-story National Register property designed in the Second French Empire style, the recent renovation of an office complex in Lynn's City Hall Square, and the rehabilitation of the Old Public Library in Lawrence for office use.

In addition to further expanding the scope of our assistance, these present and proposed programs reflect significant changes taking place in our process of evaluating projects. Drawing on our accumulation of both practical experience and discussions with local officials and the development community, we have begun to refine and tailor the Land Bank's objectives and criteria to fit the needs of projects which share similar characteristics and public purpose goals. The result is a gradual shift from broadly defined guidelines to distinctly developed programs designed in response to specific concerns or development problems. **We** hope that our formation of programs and our increasing emphasis on the implementation of demonstration projects will enable the Land Bank to focus its efforts in a way that maximizes the impact of the agency's assistance. The far reaching implications of this new direction lies in our increased ability to provide the Commonwealth with a laboratory in which to test different

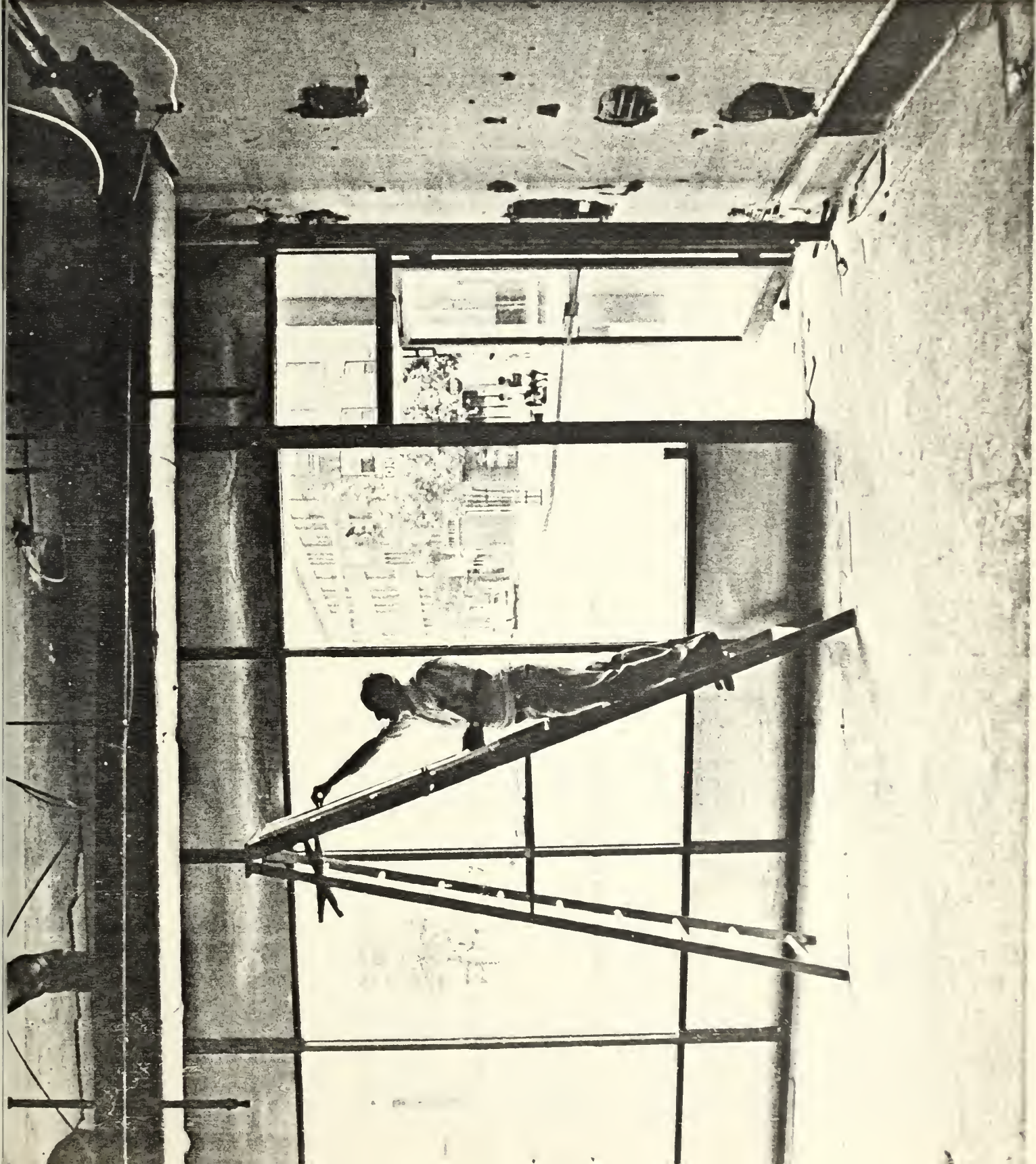
approaches to solving development problems. We look forward to realizing the full potential of this role and to the benefits we hope it will bring to the Commonwealth in the years to come.
Sincerely,

William F. McCall, Jr.
Chairman

Jeffrey A. Simon
Executive Director



THE LAND BANK'S INVESTMENT IN
the renovation of One Market
Street is providing Lynn's City
Hall Square with 20,000 square
feet of first-class office and com-
mercial space. Rehabilitation of
the 55-year old building is con-
tributing to the revitalization of
the downtown area which suf-
fered from several arson-related
fires in 1982.
Land Bank investment:
\$580,000





Income and Expenses for the Year		Government Land Bank	
Projects	Land Bank Investment	Income	
Industrial Developments (40%)			
Boston Marine Industrial Park			
South Boston	\$ 5,300,000	Investment Income	1,130,154 64
		Mortgage Interest Income	615,925 66
		Project Sales	587,774 42
		Mortgage Administration	1,000 00
		Miscellaneous Income	2,632 07
		Total Income	2,337,486 79
Westover Industrial Airpark		Less:	
Chicopee	\$ 985,000	Interest Expense*	299,023 21
			2,038,463 58
Head of the Harbor			
Gloucester	\$ 560,000	Net Income Available for Administration	
		Less:	
State Fish Pier		Administrative Expenses	
Gloucester	\$ 000,000**	Salaries	223,827 36
		Legal & Professional Fees	72,946 17
Boston Shipyard		Rental Office Space (net of Rental Income)	41,236 51
East Boston	\$ 1,500,000	Postage, Freight, Printing, and Publications	12,956 87
Total:	\$ 8,345,000	Insurance	9,272 00
Commercial Developments (24%)		Telephone and Telegraph	6,954 98
Lechmere Canal		Amortization of Leasehold Improvements	4,889 61
East Cambridge	\$ 1,920,000	Rental of Equipment	619 61
		Travel/Conferences/Education	8,157 42
Caledonian Building		Consumable Expenses - Office Supplies	6,906 31
Holyoke	\$ 875,000	Depreciation of Office Equipment	5,397 38
		Repairs and Maintenance	2,550 71
One Market Street		Employee Group and Health Insurance	3,418 96
Lynn	\$ 580,000	Utilities	1,710 87
		Advertising	4,643 24
Garrison Inn			
Newburyport	\$ 900,000	Project Implementation Expenses	3,175,064 15
		Less: Transferred to Projects in Progress	3,495,832 27
Old Public Library		Promotional Expenses	493 42
Lawrence	\$ 600,000		
Total:	\$ 4,875,000	Total Expenses	85,213 30
Residential Developments (38%)		Excess Income over Expenses	1,953,250 28
Chelsea Village			
Chelsea	\$ 3,403,660		
Walter Baker Mills			
Dorchester Lower Mills	\$ 3,363,500		
7-9 Brent Street			
Dorchester	\$ 76,000		
Norfolk Terrace			
Dorchester	\$ 217,702		
Scattered Site Housing			
Somerville	\$ 600,000		
Brightwood Main Street			
Springfield	\$ 149,000		
Mt. Wayte Single Family Housing			
Frammingham	\$ 200,000		
Total	\$ 8,009,862		
Final Total	\$21,229,862		

* Reflects the effects of Chapter 303 of Acts of 1983

** Management only





Holyoke
Developers have worked hard to preserve the original architectural detail of the Caledonian Building in Holyoke's central business district. Rehabilitation of the four story historic structure for 24,000 square feet of quality office space was completed in the Spring of 1983.
Land Bank investment: \$875,000

Government Land Bank		June 30, 1982	June 30, 1983
Assets	Current Assets		
Cash on Hand and in Bank		9,373.34	3,467.87
Investments -			
Massachusetts Municipal Depository Trust		10,411,688.93	9,453,691.03
Patriots Bank - Certificate of Deposit		10,400.00	10,000.00
Certificate of Deposit for Industrial Revenue Bond		900,000.00	
Accrued Interest Receivable		31,438.72	422,313.18
Payroll Advances			1,709.90
Total Current Assets		11,362,900.99	9,891,181.98
Mortgages Receivable		11,351,933.83	12,172,789.45
Office Equipment			
Less: Reserve for Depreciation		13,771.25	31,955.36
			8,417.44
Leasehold Improvements			27,711.39
Less: Reserve for Amortization		20,374.59	9,127.63
Projects in Progress		101,973.07	3,744,507.34
Total Assets		22,850,953.73	25,850,600.45
Liabilities	Security and other Deposits Payable		
Industrial Revenue Bond Payable		3,058.34	789.75
Advances - Projects in Progress		900,000.00	900,000.00
Equipment Contract Payable		1,982,124.25	2,014,356.86
Accrued Interest Payable*		12,011.95	10,168.58
Bonds Payable (with unamortized Premium)		1,229,695.50	297,724.05
Federal Funds Balance		18,276,311.99	19,001,311.99
		4,448.26	
Total Liabilities		22,407,650.29	22,224,351.23
Retained Earnings			
Balance - July 1, 1982		443,303.44	443,303.44
Add: Accrued Bond Interest deducted in previous year			1,229,695.50
Excess Income over Expenses			1,953,250.28
Retained Earnings - June 30, 1983			3,626,249.22
Total Retained Earnings and Liabilities		22,850,953.73	25,850,600.45

Director; Alden Raine (for Frank T. Keefe, ex-officio); Charles E. Mitchell; Edward C. Maher; Richard W. Reynolds; William F. McCall, Jr., Chairman; Langley Keyes (for Amy Anthony, ex-officio); Carolyn P. Partan, Vice-Chairman.

Staff



Executive Director
Jeffrey A. Simon

Director of Projects
David S. Knisely

Project Managers
Howard W. Davis
Kathleen Hogan
Barbara E. Rovin
Christopher C. Yule

Mortgage Administrator
William M. Sommer

Manager, Gloucester Pier
Joseph P. Maccarone

Communications Manager
Andrea L. Udoff

Budget Administrator
Mary C. Findley

Administrative Secretary
Martha A. Colby

Project Secretary
Pamela J. Grasse

Treasurer
Florence W. Kirsch

Project Consultant
Laura Wiener

Board of Directors

Chairman
William F. McCall, Jr.

Vice-Chairman
Carolyn P. Partan

Secretary
Lawrence C. Sullivan
Alfred W. Archibald
H. James Brown
Edward C. Maher
Charles E. Mitchell
Richard W. Reynolds
Alden Raine
(for Frank T. Keefe, ex-officio)
Langley Keyes
(for Amy Anthony, ex-officio)

Land Bank Capabilities

- 1 The Land Bank is empowered to assist with three kinds of property: Blighted open, decadent or substandard property; surplus federal property within Massachusetts; surplus state property.
- 2 For each approved project, the Land Bank can undertake a wide range of development activities including acquisition, rehabilitation, site preparation, construction, demolition, and disposition.
- 3 The Land Bank has access to \$40 million dollars in General Obligation Bonds, over half of which is currently committed. Generally, the Land Bank limits its investments to no more than \$3 million.
- 4 When the Land Bank sells property it can take back a mortgage at below-market interest rates. When the Land Bank is providing solely financial assistance, the actual improvements to the property are done by the developer. After completion of construction, the Land Bank will purchase and resell the property to the sponsor for a previously agreed upon mortgage amount. Terms on mortgages to the Land Bank are generally equivalent to the terms of the bonds sold to fund projects. The Land Bank makes every effort, however, to establish terms which are responsive to the individual needs of each project.
- 5 Due to an interpretation by Massachusetts Bond Counsel of rulings made by the Internal Revenue Service in 1981, Land Bank bonds sold to fund certain industrial, commercial

and residential projects must comply with Industrial Development Bond regulations. These restrictions include capital expenditures limits, the types of uses that can be included in any development scheme, and the percentage of units which must be made available to moderate income tenants.

- 6 The Land Bank can work cooperatively with other state agencies such as the Massachusetts Industrial Finance Agency and the Massachusetts Housing Finance Agency.

Eligibility

- 1 The Land Bank considers applications for both small and large industrial, commercial, residential and mixed-use developments.
- 2 The criteria for Land Bank involvement include financial feasibility, public benefit, community support, and the leverage of private investment. Public purpose considerations include the impact of projects on surrounding neighborhoods, the effects on local tax revenues and the number and type of jobs created.
- 3 Projects must show a need for public investment including evidence of the inadequacy or unavailability of private funding sources and other types of public financing. Often project sponsors use other types of public assistance in addition to Land Bank aid such as federal and state grants.
- 4 Each project must be economically viable and any investment made in a project by the Land Bank must be repaid in full.
- 5 All applicants are expected to make significant equity contributions to their respective projects.

Application Process

- 1 A simple preliminary application must be completed. Applicants must present a brief description of the project, site, and existing conditions as well as proposed uses and ownership. A short summary of the proposed financial assistance and development program is also required.
- 2 Private applicants will be required to obtain the support of a local nonprivate entity such as a Redevelopment Authority, Economic Development & Industrial Corporation, City, Town, or Community Development Corporation. The appropriate nonprivate entity should be chosen as early as possible.
- 3 The Land Bank staff and a subcommittee made up of members of the Land Bank Board of Directors will informally evaluate the proposed project.
- 4 If the subcommittee recommends that the application be given further consideration by the full board, a presentation of the project is made at a full Board meeting. At that time, the Board may grant Preliminary Approval.
- 5 Upon granting Preliminary Approval, the Board establishes the conditions that the applicant(s) must meet before the project is eligible for Final Approval.
- 6 Unless the project is on surplus state or federal land, the property being

considered must be declared a "blighted area" by the city or town and by the Land Bank.

- 7 A Final Application/Redevelopment Plan must then be completed. Required information includes detailed descriptions of the project and its financial feasibility, as well as supporting materials, such as appraisals and engineering reports. For project sponsors applying for assistance under the Tax Delinquent Housing program, a management plan must be submitted with the final application. Among the issues that will be considered are the experience and qualifications of management personnel, provisions for maintenance and repairs, lease forms and conditions, rent levels and eviction procedures.
- 8 The redevelopment plan must be approved by the city or town.
- 9 The Land Bank will hold a public hearing to gather information relevant to the determination of blight and the redevelopment plan.
- 10 When these major requirements and all other conditions are met, the project is submitted to the Board of Directors for a final vote. If this vote is favorable, the project will be implemented by the execution of a purchase and sale agreement and other required agreements.
- 11 Bonds for most projects will be marketed at the time final documents are signed.

Details on specific requirements for the Land Bank's housing programs are available upon request.

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**The
Massachusetts
Government
Land
Bank
Tenth
Anniversary
Report**

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**LAND
BANK**

The Massachusetts Government Land Bank

Six Beacon Street, Suite 900 Boston Massachusetts 02108 (617) 727-8257



This report was published to celebrate the 10th anniversary of the Land Bank. Some of us are new since then; our project portfolio has changed. But the historical perspective remains. The range of projects at the Land Bank remains.

As always, the Land Bank seeks to be a catalyst. We try to take what some might see as real estate problems and turn them into real estate opportunities. We are particularly interested in stimulating industrial development and jobs and in revitalizing older downtown areas. Our goal is to reach the people of all of Massachusetts.

We hope you enjoy this anniversary report and that it will spark new projects and opportunities for all of us.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy A. Bassett".

Timothy A. Bassett
Executive Director

Richard W. Reynolds
Chairman

Carolyn P. Partan
Vice Chairman

Lawrence C. Sullivan
Secretary

Alfred W. Archibald

H. James Brown

Reese W. Fayde

F. Tenney Lantz

Rev. Frank J. Parker

Frank T. Keefe

ex officio

Amy S. Anthony

ex officio

Timothy A. Bassett
Executive Director

CHAS
WALK

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n years in most any organization's history marks a point of stability, credibility, and consistency of purpose. These are, in all cases but the last, true of the Massachusetts Government Land Bank as it commemorates its first decade. The Land Bank was originally created to address a specific need in the Commonwealth — the conversion of closed military bases to civilian use. It was an agency born of necessity. The origins of this unusual mandate and the evolution which resulted in the Land Bank's present day role of public financier and developer are the subjects of this Tenth Anniversary Report.



Having signed the Land Bank's enabling legislation in May of 1975, during the early part of my first Administration, I am extremely pleased to commemorate this tenth anniversary in the second year of my present Administration. In its early years, I saw the Land Bank prove itself as an entity solely involved with the successful conversion of several of our state's closed military bases to viable industrial and residential sites, providing badly needed jobs and tax revenues. I later witnessed the agency's expansion to an all-encompassing public real estate development and financing agency, responding to such statewide needs as affordable housing, preservation of historic properties, and revitalization of key downtown buildings for commercial and mixed-use purposes.

I congratulate the Board of Directors and Staff on a job well done over the past ten years. I urge you to maintain your highly professional standards of the past decade, and to continue to positively impact the state's overall economic growth. The Commonwealth of Massachusetts is proud of your achievements and wishes you continued success with the challenges of the future.

A handwritten signature in cursive script, reading "Michael S. Dukakis". The ink is dark and the signature is fluid, with a prominent "M" and "D".

Michael S. Dukakis
Governor of the Commonwealth of Massachusetts



As Chairman of the Land Bank since 1977, and Vice-Chairman before that, it has been a pleasure working with a highly motivated staff, committed to making difficult but significant development projects work for the people of the Commonwealth. My position on the Land Bank Board has clearly demonstrated to me that these types of developments are possible when the private and public sectors are devoted to working together.

Thanks to this spirit of cooperation, the Land Bank can leave its mark in the form of job producing industrial developments, affordable commercial space in downtown areas, and decent low-to-moderate income housing.

I am proud to have been affiliated, for each of the past ten years, with the Land Bank and all of the individuals behind it. There are many people who should be acknowledged, people without whose dedication the contents of this Anniversary Report, both the history and the projects, would not have been possible. My tenure as Chairman has been an especially pleasant and memorable one because of your support.

A handwritten signature in cursive script, reading "William F. McCall, Jr.". The ink is dark and the signature is fluid, with a prominent "W" and "M".

William F. McCall, Jr.
Chairman of the Massachusetts Government Land Bank

In May of 1975, Governor Michael Dukakis was at the South Boston Naval Annex to sign the bill marking the beginning of the Land Bank, the major product of the Joint Commission on Federal Base Conversion.

I was a legislative aide to Senator William M. Bulger, the Commission's Senate Chairman, and I'd spent the better part of a year working with Ed Lashman and Maureen Steinbruner on trying to get the Land Bank legislation passed.

Several years later, I had the privilege of becoming the Land Bank's Deputy Director and then Executive Director, a position I have held for six years.

During the mid and late 70's, we did the South Boston Naval Annex, the Westover Industrial Airpark, and finally the Chelsea Naval Hospital. We did our best to try to breathe new life into properties that had once been thriving, once been a part of massive defense efforts, once employed thousands of people.

Then began a new era in our efforts to help cities and towns with their development opportunities. We did the Lechmere Canal. We did the Garrison Inn, the Head of the Harbor, the Caledonian Building, the Baker Chocolate Mills. We watched with sadness as the Borden Mill in Fall River burned. We watched with satisfaction as families moved into apartments at Norfolk Terrace, at Brent Street, at Brightwood in Springfield. We watched hundreds of people going back to work at the former Bethlehem Steel Shipyard, now the Boston Shipyard in East Boston. We saw a city recover from the devastation of a massive fire, and helped that recovery with One Market Street in Lynn. We took on the running of the State Fish Pier in Gloucester, and financed the Old Public Library in Lawrence. We did over 25 projects.

In each case, there was one common thread — either the projects were too risky, or too dilapidated, or there was no confidence in the area. There was just no other way to make them feasible without the Land Bank's help.

Since that time, we have tried to be a real estate laboratory in which different approaches to various public development problems can be tried and tested.

Have we been successful? I think that we have, but I'll know better in a few more years. By the very nature of the developments we have undertaken, after all the groundbreaking, press releases, and speeches filled with the best intentions, you really can't know for a long time.

I do know, however, that there are over 1,000 people working at the Boston Marine Industrial Park. I know that there are 400 people working at the Boston Shipyard. I know that the Garrison Inn is now a beautifully restored building in Newburyport, that a new fish processing plant is being constructed in Gloucester, that people are living in apartments on Norfolk Terrace in Dorchester and on Main Street in Springfield for under \$300 a month, and that a new office building will soon be built on the recently reconstructed Lechmere Canal.

But all of these efforts, even the ones which began years ago, are still in the early stages of their lives. I've had the difficult task of discussing ten-year developments with local officials who face voters every two years. The courageous officials we've worked with have resisted quick answers, choosing instead to invest in the long-term future of their communities by supporting solid development efforts.

Although it is still early, I'm willing to say we have been successful.

This is a retrospective look at the Land Bank on the occasion of its tenth year in operation. It is a look at the results of the efforts of many people to improve the lives of many others. It is the efforts of people like Mary Findley, who started as a part-time secretary to the Base Commission in 1974 and continues today as Budget Coordinator to the Land Bank.

But, of all the people involved, I would like to dedicate this ten year report to an example of the best in the relationship between a state government effort and its people — to the members of the Board of Directors of the Land Bank, past and present, who have served as volunteers, solely out of a sense of civic responsibility and pride. In particular, Chairman Bill McCall since 1977 and Ed Lashman before that, have provided a sense of integrity and practical responsibility which have set the high standard for everyone else to emulate.

We look forward to continuing to respond flexibly, quickly, and sensitively to the challenges before us. Our past experiences, our present endeavors and our future prospects make us confident that we will continue to make a significant contribution to the economic well-being of the Commonwealth.



Jeffrey A. Simon
Executive Director

The Early Years: Seeking a Solution to Military Base Closings

In April 1973, the Nixon Administration, through the Department of Defense, announced the "realignment" of 10 major military bases throughout the nation. One of the hardest hit states was Massachusetts. Five bases: the Boston and Charlestown Naval Shipyards, the Chelsea Naval Hospital, and the Westover and Otis Air Force Bases, were either closed or reduced.

The impact was devastating. Over 10,000 military and civilian jobs and millions of payroll and tax dollars were lost. Thousands of acres of land and facilities, designed for very specialized purposes, suddenly needed a new identity.

The shocking announcement came from "out of the blue, without any warning," according to John Drew, who, at the time, was Assistant Chief of Staff to Governor Frank Sargent. He called Secretary of Defense Elliot Richardson's office to verify the abrupt order. Upon confirming the decision and being convinced that it would not

be reversed under any circumstances, he met with Senate President Kevin Harrington and House Speaker David Bartley to swiftly draw up a plan, which, as he recalls, was developed over the Patriot's Day weekend.

A Joint Commission on Federal Base Conversion was established on May 2, 1973, only weeks after the Defense Department's announcement. The joint legislative/executive Commission was charged with determining "...actions which should be taken in the immediate future...in order to minimize economic hardships on individuals and in order to avoid major financial disruptions..."

A consultant to the Commission and later its Chairman, L. Edward Lashman capsulized the state's reaction: "Massachusetts could only stamp its feet in anger as a form of opposition to the base closings. The better response was to see how the bases could be used."

Representing the Federal Government, Regional Director of the Boston

Office of Economic Adjustment, Richard R. Kinnier, stated: "The establishment of the Commission, and later the Land Bank, was one of the most critical things the state of Massachusetts could have done. Instead of giving in to the temptation of treating the matter as a wholly political one, a bipartisan Commission which focused on solving the problem, rather than fighting it, was established."

The concept of the Commission included both state and local officials. Hale Champion, then Harvard's Financial Vice President and former BRA Director, was the first to fill the Chairman's position.

At the conclusion of his term, in a July, 1974 *Business Week* interview, he contended: "Massachusetts is well on its way to proving that major cutbacks in federal defense installations are a good idea, not only to the nation, but the affected local areas." In one year, the Commission's efforts turned a bleak situation into an advantageous one.

...we needed a mechanism to deal with the future...something to assess and deal with the reality of the potential impacts."

John Drew

...was the conclusion of the Commission that there was a need for a more formal, longer standing mechanism to hold the land and make financing available."

Hale Champion

Evolution of the Massachusetts Government Land Bank

Among the Commission's major recommendations was: "that the state legislature establish a Base Conversion Land Bank, to provide state assistance to communities in acquiring portions of the federal bases selected for industrial, commercial and residential development."

According to Chairman Hale Champion, "It was the conclusion of the Commission that there was a need for a more formal, longer standing mechanism to hold the land and make financing available." A review of existing public redevelopment programs concluded that no mechanism at the state or local level could serve this function. Something new had to be created.

Narrowing down the role of this proposed agency was difficult. The Commission had to respond to the local governments' suspicions of the state's growing involvement in their hometown properties.

However, because the municipalities lacked the capacity and money necessary to deal with these massive properties on their own, the state needed an entity that served as a support vehicle to the local jurisdictions.

The Commission's House Chairman, State Representative Richard Demers, who was also House Chairman of the Commerce and Labor Committee, had formerly been Mayor of Chicopee and was most familiar with the Westover base. He knew well that Chicopee could never come up with the millions of dollars to buy or convert the thousands of abandoned acres of land on that site. "I began to brainstorm and thought about a sort of 'holding corporation' to assist the communities by picking up the financial burden. It would be state funded so that the communities could devise plans for the bases without worrying about where the money would come from...an entity to purchase these surplus properties, in addition to having broader powers," Demers recalled.

He discussed this idea with Ed Lashman when he first met him at a Westover Base meeting. Lashman was open to the concept and together they drafted part of the language which was incorporated into the Land Bank's enabling statute. As Commission Chairman at the time, Lashman became the principal lobbyist for the legislation, the one who, together with



William F. McCall, Jr. and
L. Edward Lashman

Maureen Steinbruner, did most of the legwork and phone calling necessary to get it passed.

With the sponsorship of former House Speaker David Bartley and Senate Chairman of the Commission William M. Bulger, the bill moved through the legislature. David Bartley acclaimed: "I am proud of the opportunity I had, as Speaker of the Massachusetts House, to work with Kevin Harrington, then Senate President, and Governor Sargent to create the original Land Bank. The Land Bank of today represents the future role of government working with the private sector to promote prosperity."

Although originally filed during the last days of the Sargent Administration, it was not until the first Dukakis Administration that the Land Bank legislation was approved.

Reflecting on the evolution of the Land Bank, Senate President Bulger commented: "It was the challenge of the Commission to put the closed military bases to their maximum public use in a way that enhanced the private sector's goal of keeping good economic opportunities in the state. However, its role was a temporary one and we knew a more permanent entity was needed to assist with the acquisition of properties. To insure that the parcels were sold in an orderly manner and not in a helter skelter fashion, the Land Bank was created."

The Massachusetts Government Land Bank, created by Chapter 212 of the Acts of 1975, took over where the Federal Base Conversion Commission had left off. The Commission's activities and accomplishments were passed as a legacy for the Land Bank to build on. Major planning for re-use of each base had been completed. The task of implementing the redevelopment plans remained.

Fulfilling the mandate to "aid private enterprise or public agencies in the

speedy and orderly conversion and redevelopment of certain lands formerly used for military activities to non-military uses" took five years.

The statute provided for nine appointed Board members including the Secretary of Administration and Finance as an ex officio member, and eight others with varying public development credentials. Additionally, the legislation established three local Advisory Boards at Boston, Chelsea and Chicopee/Ludlow to advise the Land Bank.

Fortunately, the credibility, respect, and experience gained by the Commission were inherited by the Land Bank. So too were several of the original members.

L. Edward Lashman, then Vice President of the University of Massachusetts, and the person who took over for Hale Champion as Chairman of the Federal Base Commission in 1974, was appointed by Governor Dukakis as the Land Bank's first Chairman on July 26, 1975.

Maureen S. Steinbruner, who had been Staff Director of the Commission, became the Land Bank's first Executive Director on February 1, 1976.



Con Howe and Adele Fleet Bacow

began to brainstorm and thought about a sort of 'holding corporation' to assist the communities by picking up the financial burden. It would be state funded so that the communities could devise plans for the bases without worrying about where the money would come from...an entity to purchase these surplus properties, in addition to having broader powers."

Hard Demers

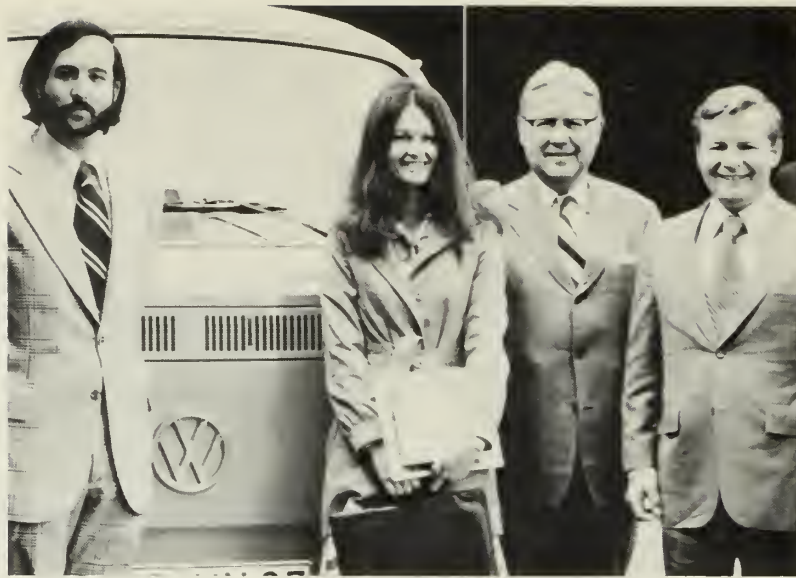
She highlighted, in particular, the support of Governor Dukakis: "He took office at a time when state revenue, especially borrowing, was a large issue. The New York State Urban Development Corporation was in serious trouble, and New York City was getting there. Despite this, the decision to abandon the revenue bond concept and move to general obligation funding was, in my view, the single most important step taken in making the Land Bank viable."

Revenue bond financing was not feasible since the bases would not generate the income necessary to pay debt service until they were successfully redeveloped. The alternative was long-term financing in the form of General Obligation Bonds backed by the full faith and credit of the Commonwealth. \$40 million in G.O. Bond financing was allocated to the Land Bank for any expenses it incurred.

Austin Broadhurst of Gaston Snow & Ely Bartlett was called in by Chairman Ed Lashman to work out the methods by which the Land Bank could draw on the monies provided by the Commonwealth borrowings. He remarked: "Pat Sullivan, Treasurer Crane's first deputy, was enormously helpful in developing the procedures by which the Land Bank could produce operating funds from the Commonwealth. As a new sort of entity, the Land Bank offered opportunities to be ingenious in adapting established procedures and statutory requirements to the status of the Land Bank."

Shortly after the Land Bank began to formally function, Maureen Steinbruner moved on. During her brief term as Executive Director, she remembers that "Our biggest project was the implementation of the Land Bank itself. We were concerned primarily with the Land Bank's political base, recognizing that if it did not represent both local interests and real professionalism at the state level, it probably would not survive."

When she left, Con E. Howe took over. Late in 1974, he had been on the staff of the Joint Commission on Federal Base Conversion where he worked on the legislation for the creation of the Land Bank. He was the agency's Deputy Director during 1975-1976 and its Executive Director from 1976 through November 1978.



Jeffrey Simon, Maureen Steinbruner, LeRoy Lindgren and Senator William Bulger

He recalled: "Much of my work in the early years of the Land Bank was establishing policies and procedures... All of us involved believed it was very important to set a precedent of a small organization working efficiently and effectively on specific problems."

"The most time consuming and important project in the first year was the acquisition and sale of the South Boston Naval Annex. This was a fascinating problem because of the different government levels involved: Federal, State, Massport, City," he said. It was Howe who signed the purchase and sale agreement and mortgage for the property on behalf of the Land Bank.

The results of this first base conversion, and the two following it, are the subject of the next two pages.

"It was the challenge of the Commission to put the closed military bases to their maximum public use in a way that enhanced the private sector's goal of keeping good economic opportunities in the state. However, our role was a temporary one and we knew a more permanent entity was needed to assist with the acquisition of the properties. To insure that the parcels were sold in an orderly manner and not in a helter skelter fashion, the Land Bank was created."

William Bulger

Conversion of Military Bases to Civilian Use

South Boston Naval Annex

The Land Bank's first project was the conversion of the 140-acre South Boston Naval Annex to the Boston Marine Industrial Park (BMIP). In September of 1977, Boston's Economic Development and Industrial Corporation (EDIC) proposed that the Land Bank purchase the property on its behalf. In July of 1977, the Land Bank Board of Directors approved EDIC's Redevelopment Plan for the site and in early 1977, the Land Bank purchased the property from the GSA for \$4.7 million, immediately conveying it to EDIC with a long-term mortgage.

Michael Westgate, EDIC Director at the time, recalled: "The Land Bank, in 1977, was the key to our being able to undertake the BMIP project. The City, out of the bond market, had 30,000 people out of work, and was unable to contemplate GSA's \$4.7 million asking price unless it could be financed. Our collective struggles with the GSA were endless."

With financial assistance from the Land Bank and Economic Development Administration, EDIC/Boston has transformed the badly deteriorated and outdated facilities of the former Naval Annex into a thriving Marine Industrial Park providing manufacturing and industrial space and jobs.

Presently, the BMIP employs almost 500 people and leases 1.5 million square feet of building space to thirty companies. The newly constructed Greater Courier facility and Stavis Food plant are ready for occupancy. Currently, plans are underway for joining the BMIP with the Boston Army Base, creating a tremendous development opportunity.

Westover Air Force Base

Located both in Chicopee and Ludlow, the Westover Air Force Base was the largest and most complex of all the closed bases. "The New Westover" of today is marketed as: "one of the most exciting and exceptional properties to come on the northeast market in recent years. With industrial/commercial land and buildings, schools, housing, a hospital, recreational facilities, conservation areas, open space, and extensive infrastructure, it has all the elements of a new town."

Westover Air Force Base spans 7.4 square miles. One-half this amount of land or 2,400 acres, has become available for development, with 1,300 acres designated for industrial and commercial use.

Vincent H. McGovern, former Executive Director of the Metropolitan Development Corporation (WMDC) and presently Director of Aviation Development, remembers the history of Westover's conversion: "On April 4,

1978 we signed a 20 year mortgage note with the Land Bank for \$985,000 for acquisition of 221.43 acres of property. The unique financial conditions of our Land Bank mortgage have enabled the WMDC to maintain financial independence and reduce our mortgage to \$214,000. Pending land sales should enable us to retire the mortgage within the next six months."

The results of the WMDC development of the Westover properties acquired through Land Bank financing include:



"When I was dealing with the Land Bank Board of Directors, I was always struck by the dedication and genuine concern of the members for their projects. As the BMIP was one of their very first projects, the Board sought frequent updates on its progress. What impressed me was not just the care with which they managed their funds, but the interest and pride they took in the property and its effects on the community."

Brian F. Dacey,
EDIC Director (1979-1984)

- 251,600 square feet of former military building space has been sold.
- 90,000 square feet of temporary use space is leased and managed by WMDC. This results in \$75 - \$80,000 annual lease income and \$20,000 in-lieu-of-tax payments to the City of Chicopee.
- 115 acres of land sold has resulted in 545,425 square feet of new construction (70% industrial/30% warehousing).
- Jobs: 1,100 plus construction workers.
- Capital Investment: \$55 - \$60,000,000.
- Property Improvements: \$1,600,000.

Chelsea Naval Hospital

Since 1835, thousands of wounded Americans, including President John F. Kennedy, were treated at the Chelsea Naval Hospital. Situated on a hill overlooking the Mystic River and Atlantic Ocean, the 88-acre site was the Land Bank's third and final base conversion project. The Land Bank became actively involved with this development in April of 1976, when the City

of Chelsea requested assistance in acquiring the property. It was not until December of 1979, however, after three years of difficult negotiations, that the GSA finally agreed to sell the site to the Land Bank for \$1.8 million, down from the original \$4 million asking price. In January of 1980, demolition began under a \$900,000 Land Bank contract. Upon completion, the property was sold back to the City of Chelsea with a long-term mortgage.

The restoration of this historic parcel, named Admiral's Hill, presently includes 161 MHFA Section 8 elderly housing units, 66 FHA insured units, 8 duplex apartments, 3 commercial spaces, and 54 condominium townhouses, which generate over \$360,000 in annual property taxes. The developer, Peabody Construction Company, has been an innovator in building construction for over 90 years, and in the forefront of the rehabilitation of historic structures over the last ten years.

Reaching its present day status was a struggle which those involved can now proudly view as having been worthwhile. In June of 1984, the MDC waterfront park, which had been part of the original Redevelopment Plan for the Naval Hospital site, was com-

pleted and dedicated. Phase II of the townhouse development is well underway with the units selling for \$140,000 each.

Recalling the tremendous amount of time that was devoted to making this project work, Adele Fleet Bacow, then Land Bank Deputy Director, stated: "When I think of Chelsea, an image of a huge mahogany boardroom table in a Washington office comes immediately to mind. Around it were representatives from 23 different agencies, all having some involvement with the Naval Hospital project. The fact that we were ever able to coordinate all of the different interests and agendas is still phenomenal to me. It was certainly rewarding to finally see things happen."

As Executive Director of the Land Bank, Con Howe referred to this early project as the one that involved the greatest "leap of faith". He said: "Chelsea had just suffered a disastrous fire and was at a low point. I remember many nights spent at public meetings channelling the hope that the Naval Hospital property would help turn things around. It was the smallest community we worked with at the time, but what they lacked in size they made up for in personalities and spunk."

"Chelsea had just suffered a disastrous fire and was at a low point. I remember many nights spent at public meetings channelling the hope that the Naval Hospital property would help turn things around."

Con E. Howe



Land Bank of the 1980's as Powers Broadened

the 1970's neared completion, the converted military bases were on their way to becoming success stories. The agency was due to expire June 30, 1980.

hampses of the 1980's however, re- led soaring interest rates, serious situations in the bond market, gov- ernment development funds cutback all levels, a shortage of affordable housing, and rising unemployment rates. In sum, this decade would demand new and innovative development strategies which the Land Bank was then permitted to accept as its challenge.

mer Land Bank Deputy Director the Fleet Bacow, recalled: "From the moment the Land Bank was set we received at least two or three calls or visits per week from community-seeking financial help. We certainly knew the need was there, but we didn't answer it until the new legislation allowed us to deal with more than military bases."

1979, Jeffrey A. Simon became Executive Director after Con Howe left to take a new position in New York City. Simon contemplated the possibility of broadening the Land Bank's powers. He discussed this with Richard Demers, then Chairman of the House Commerce and Labor Committee, who responded favorably, submitted legislation and was the key actor in its successful enactment.

the Land Bank had served its original function of conduit to the communities in which bases had been

shutdown. However, in the process, it had acquired the skills that could be applied to other areas of development," Demers concluded. It is for this reason that the Land Bank's original role in the Commonwealth's economic development was expanded.

In addition to Demers, Representative Timothy Bassett, present Chairman of the House Commerce and Labor Committee, was instrumental in the passage of the legislation which increased the Land Bank's capabilities.

He remembers his discovery of the Land Bank: "I was going through some bills that had been filed and came across one that would broaden the definition of an agency called 'Land Bank.' My only familiarity with its original purpose of redeveloping military bases related to my father's premature retirement from the Charlestown Shipyard, following the Federal Government's shutdown. In reading the proposed legislative amendment expanding the Land Bank's authority, I thought it would be appropriate to support it. The City of Lynn, which I represent, had projects that would qualify if this golden opportunity became a reality." That was his first encounter with an agency he has since supported wholeheartedly on a statewide basis.

In response to the philosophy of preserving the Land Bank's acquired expertise, the Legislature expanded the role of the agency by empowering it to acquire, develop, and sell three categories of property: 1) surplus federal property located in Massachusetts, 2)



Richard Demers and
Representative Bassett

surplus state property and 3) blighted open, decadent or substandard properties. To accomplish this significantly broadened edict, the Land Bank's existence was extended by ten years to June 30, 1990.

Former Governor Edward King reflected: "During my Administration, I signed the bill which greatly expanded the scope of the Land Bank's activities. Building on the success that the agency had on former military bases, this bill allowed the Land Bank to use its experience on the development

problems of all of Massachusetts' cities and towns. The Land Bank has shown itself to be a practical, competent and efficient organization which I was glad to support."

Byron J. Matthews, former Secretary of Communities and Development in the King Administration and a Land Bank Board member at the time, said: "The legislation that increased the scope of the agency's responsibilities, particularly prioritizing the development of housing for low and moderate income people, was most important to

me. A major contribution to the overall economic development in our state by the Land Bank has occurred in the agency's brief tenure. Many of the proposed developments and projects would never have come to fruition had it not been for the Land Bank's existence."

First proposed under Governor Sargent, signed into law by Governor Dukakis, expanded by Governor King, the Land Bank thus took its place in the overall development efforts of the Commonwealth.



Jeffrey Simon and Former Governor King

"During my Administration, I signed the bill which greatly expanded the scope of the Land Bank's activities. Building on the success that the agency had on former military bases, this bill allowed the Land Bank to use its experience on the development problems of all of Massachusetts' cities and towns. The Land Bank has shown itself to be a practical, competent and efficient organization which I was glad to support."

Former Governor Edward King

Present Board Members Comment

"My tenure as Land Bank Chairman has given me a healthy respect for people in the public sector who are creative, imaginative, and work very hard to blend their strengths with the practical aspects of what is happening in the private sector. In ten years, I have witnessed the positive results of the public and private sectors working together to willingly get the job done, without worrying about who gets the credit."

William F. McCall, Jr.
Chairman of the Board since 1977; Vice-Chairman in 1975/76
President, Leggat, McCall & Werner, Inc.



"The number and variety of successful projects all over the state has been most rewarding. Being on the Board has been a fascinating experience and a real privilege, particularly to serve with Bill McCall who has shared his considerable expertise to help shape workable projects."

Polyn P. Partan
Vice-Chairman of the Board since 1977
Associate, Hale & Dorr



"The Land Bank was an important actor in the intelligent reuse of Federal properties during the days of military base closings. Its further expansion into areas of housing and commercial revitalization in blighted areas was a natural next step."

Frederic C. Sullivan
Secretary of the Board; A Member since 1975
Executive Secretary-Treasurer, Greater Boston Labor Council



"I am especially delighted to witness the increasing participation of private lending institutions which have been willing to share a first mortgage position with the reputable Massachusetts Government Land Bank. Such private sector involvement is a tribute to the agency's credibility, earned over the past ten years."

Edward W. Archibald
Board Member since 1975
Chairman, South Boston Savings Bank

"I have been very proud to be associated with the fine work of the Land Bank over the past five years. We have supported numerous successful projects that have made a difference in creating jobs and improving neighborhoods for the citizens of Massachusetts."

H. James Brown
Board Member since 1980
Director, Joint Center for Urban Studies



"Our position as a catalyst in bringing private and public funds to bear on those projects which can form a base for other development is not filled in any other way. Our effect on leveraging dollars of capital is particularly significant."

Richard W. Reynolds
Board Member since 1981
Partner, Hines Industrial

"The Massachusetts Government Land Bank is one of the very rare examples of true public sector/private sector cooperation. Through its efforts, the commercial and residential housing stock of the Commonwealth has been upgraded significantly to the benefit of all taxpayers."

Reverend Frank J. Parker
Board Member since 1983
Professor, Boston College Graduate School of Management



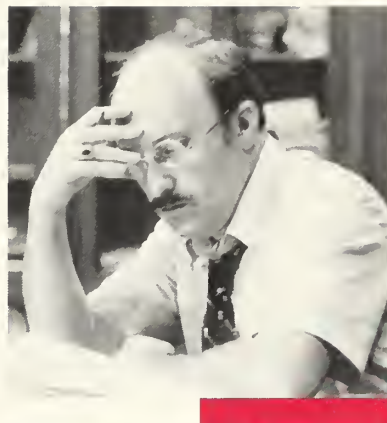
"Through my past experience with local government and non-profit agencies in western Massachusetts, I learned first-hand of the important role the Land Bank can and does play in Massachusetts. It is a flexible and innovative agency with a central role to play in the fulfillment of the community development agenda that we all share."

Amy S. Anthony
Ex Officio Board Member
Secretary, Executive Office of Communities and Development



The Massachusetts Government Land Bank has become one of the most creative tools for financing development anywhere in America. And it is an important part of the Dukakis Administration's effort to revitalize the older communities of Massachusetts. The Land Bank has helped bring new hope and new jobs to our cities and their people."

John S. Raine
Associate for Ex Officio Board Member Frank T. Keefe
Director, Governor's Office of Economic Development



Additional Comments

"the continuing evolution of defining our objectives, narrowing them down, keeping abreast of what is going on in the private sector that makes our work increasingly effective."

Deborah Hogan
Assistant Director of Land Bank's First Project Managers
Currently Director of Projects



"During my ten years at the Government Land Bank, I have enjoyed working with many dedicated staff and Board members. The agency has grown from one that dealt strictly with closed military bases to one that provides statewide financial assistance for the creation of affordable housing, jobs, and commercial space, all worthwhile causes with which I have been pleased to be associated."

John Findley
Served as a Part-time Secretary to the Commission in 1974
Currently Land Bank's Budget Administrator



"The Land Bank is a small, effectively run agency that takes on difficult assignments, which typically can't be financed by ordinary means, and efficiently completes them. It seems perfectly clear that if the Land Bank did not exist, we would have to invent it."

John Byrnes
Land Bank's Legal Counsel since 1975
Senior Partner, Gaston Snow & Ely Bartlett



Future Directions



Since the days of formulating policies, guidelines and underwriting standards, the Land Bank continues to assess what it has achieved and what it anticipates accomplishing in the next five years.

Possibilities for the future include:

- Continuing the "Buildings of Importance" Program which encourages the revitalization of Central Business Districts in distressed downtowns.
- Formalizing an Industrial Program which focuses on creation of jobs,

problem properties, and the potential benefits of incubator space.

- Building on our public developer's role by preparing sites for sale to private entities.
- Developing state surplus property where appropriate.

In the words of John T. Eller, formerly Research Director to House Speaker David Bartley, "The Land Bank has established itself on the state's MVP roster. Serving with you since your cradle days in 1973 through 1980, I suggest you not only met your mandate

but have accomplished much more. You turned President Nixon's shut-down of military bases into a Massachusetts opportunity. You have used your powers to do even more for the state and provide a very special service."

The future looks equally as promising as the past decade, since the need for a public finance and development agency, like the Land Bank, is just as urgent today as it was ten years ago. The Land Bank will continue to be devoted to the Commonwealth's development needs, whatever they may be.


"As a Project Manager for two years and Director of Projects for three years, I have been exposed to various growth stages in the Land Bank's history. Each transition has reflected our increased experience in the areas of public finance and development. Now as General Counsel, I hope to continue my Land Bank career by helping to chart future directions and goals for the years ahead."
David Knisely, Land Bank's General Counsel



Totals

# Projects	Land Bank Funds	Other Funds Leveraged	Commercial Space	# Jobs	# Housing Units
6	\$ 5,310,017	\$ 47,996,840	199,690 s.f.	—	—
4	\$ 7,900,790	\$ 99,500,000	—	3,325	—
14	\$10,725,387	\$ 49,367,455	—	—	685
3	\$ 718,440	\$ 346,315	10,500 s.f.	—	29
27	\$24,654,634	\$197,210,610	210,190 s.f.	3,325	714

Project Eligibility Criteria



Although a 'typical' Land Bank project does not exist, there are requirements generally applied to all proposed developments. The objectives established for the implementation of the Land Bank's expanded powers include that projects:

- Be sensitive and supportive of local needs
- Increase the number of available jobs in the state
- Expand the local tax base
- Increase the availability of low-to-moderate income housing
- Revitalize downtown areas
- Leverage additional public and especially private investment
- Be geographically distributed across the state

The Land Bank may finance land acquisition, demolition, site improvements, construction, and rehabilitation, provided the property is blighted, decadent or substandard, or is surplus federal or state property.

A project's feasibility is a major consideration. Market, engineering, architectural, and other pertinent studies are required, in addition to pro formas to determine financial feasibility. A project proponent must prove the need for Land Bank financing.

In all cases, the Land Bank is considered the 'bank of last resort.' The Land Bank's funds are reserved for public purpose projects that cannot be funded privately. Land Bank money, generated through the sale of General Obligation Bonds of the Common-


wealth, generally should leverage other public and private financing.

Once a final authorization is given by the Land Bank Board, the Purchase and Sale Agreement, Mortgage, and Note are signed and construction can begin. The entire process takes a minimum of three to four months after the Land Bank receives the project proposal, although this is in large part dependent on the ability of the proponent to complete the necessary submission requirements.

Land Bank project proponents have included cities and towns, private developers, and non-profit organizations. Project financing often includes other local and state development/financing agencies such as EOCD, MHFA, and MIFA. Interested individuals are encouraged to contact the agency with potential public purpose projects in need of permanent financing.

The remaining pages discuss those Land Bank projects which are being considered or have been approved since the 1980 enactment of the revised legislation. They reflect a diversity of uses, types of assistance, and amount of funding. Those approved in the recent past tend to mirror one another in terms of intention and financing because they were submitted under programs, such as the Rental Housing Rehab Competition or the Tax Delinquent Housing Program, which had specific goals and guidelines.

Project Portfolio



The Project Portfolio which follows is representative of the Land Bank's response to such statewide challenges as job creation, affordable housing, revitalization of older downtowns, the need for renovated office space, the conversion of surplus mills and schools, and the preservation of historic properties. The Land Bank

does not possess sufficient financial resources to impact these problems on a large scale. It has, therefore, tried to create models that others can duplicate. The Land Bank remains committed to this role and would welcome any proposals that may qualify for assistance.

Adams Mill

Boston/Dorchester Lower Mills
Lower Mills Associates

Residential: Conversion of former Baker Chocolate Mill to 53 moderate income rental units which will eventually be sold as condominiums.

Total Cost: \$4.8 million

Land Bank: \$3.3 million initial investment in Phase I

Others: Boston's Neighborhood Development and Employment Agency, the U.S. Department of Housing and Urban Development, and private syndication.

"Massachusetts is fortunate to have available the resources of such an innovative and flexible financing agency. Without the active involvement of the Land Bank, many development opportunities in support of community revitalization would not be possible. A case in point is the on-going renovation of the Baker Chocolate Mills in Dorchester, where the Land Bank has led the way for the creation of moderate income housing. The Land Bank's role has been a catalyst in this development."

Robert H. Kuehn, Jr., General Partner
Lower Mills Associates

Barrett Block

Adams

Dawson Associates, Pittsfield

Mixed-Use: Tax-delinquent, condemned, National Historic Register property across from the Adams Town Hall. The three-story building will be renovated into eight moderate income rental housing units and two street level commercial bays (6,000 s.f.).

Total Costs: \$273,000

Land Bank: \$159,000 under Tax Delinquent Housing Program

Others: Adams Community Development Corporation, First Agricultural Bank, Executive Office of Communities and Development, Adams Housing Authority, Pittsfield-based Center for Ecological Technology, and developer's equity.

Blue Hill Avenue (1111-1115)

Boston/Mattapan

Pierre St. Louis and Gaston Simon

Mixed-Use: Tax foreclosed building, located in a minority neighborhood commercial center, acquired at a City auction by a local businessman. Rehabilitation of twelve two-bedroom units and two commercial spaces (3,000 s.f.).

Total Costs: \$500,000

Land Bank: \$293,000 under Tax Delinquent Housing Program

Others: Shawmut Bank, Boston's Neighborhood Development Bank and Abandoned Housing Initiative Program, and developer's equity.

Boston Shipyard

East Boston

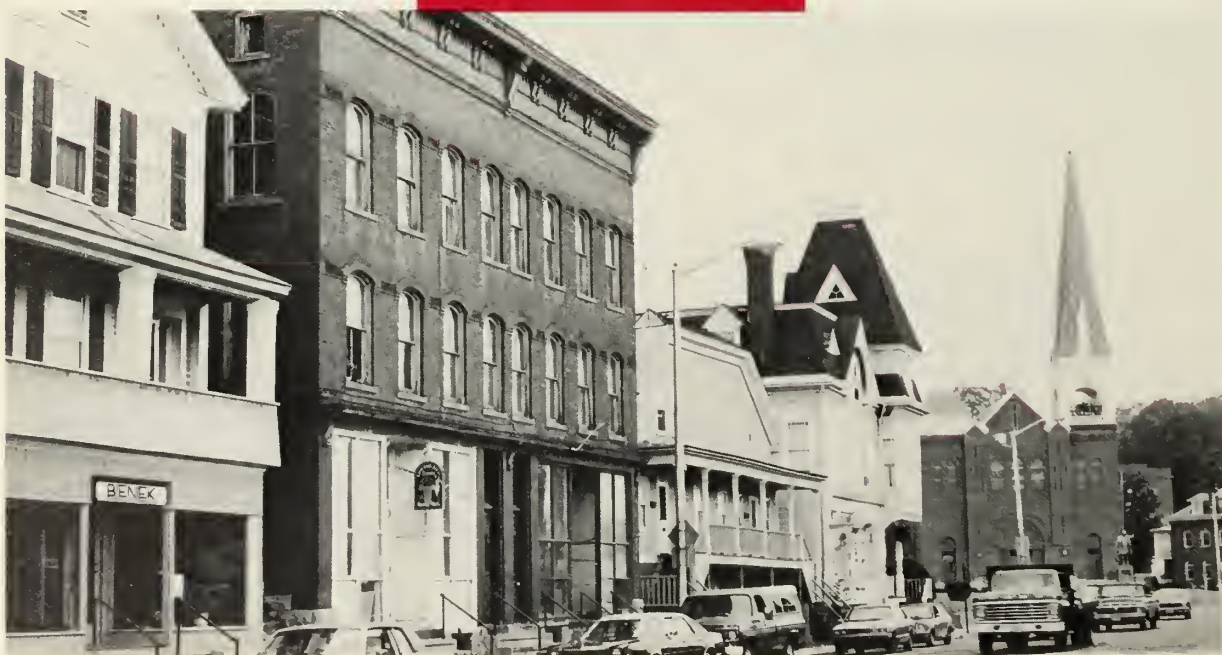
Boston Shipyard Corporation

Industrial: One of the largest dry dock facilities in the Northeast, was closed by Bethlehem Steel in 1982. Restored to productive use and reopened in January 1983 after receiving millions of dollars in shipbuilding and repair contracts. Can employ up to 1000 people, even though 400-500 is typical.

Total Costs: \$7.6 million

Land Bank: \$1.5 million

Others: Shawmut Bank of Boston, UDAG, EDIC/Boston, East Boston Development Corporation, the Massachusetts Community Development Finance Corporation, and equity.



Brent Street (7-9)

Boston/Dorchester
Living in Dorchester, Inc.
Residential: Rehabilitation of an abandoned, tax-delinquent three-story house containing six moderate income housing units. Was the first model project for the 1982 Tax Delinquent Housing Program which the Land Bank co-sponsored with the Attorney General's Office. The City rebated 87% of the back taxes owed on the building which reduced renovation costs per unit to \$12,000.
Total Costs: \$82,000
Land Bank: \$76,000 under Tax Delinquent Housing Program
Other: Developer's equity.

Brightwood Main Street

Springfield
Brightwood Development Corporation & CJR Realty
Residential: Preservation of 23 units of low-income housing in a four-story tax foreclosed building sold by the City to the developers for \$25,000, paid over five years without interest. Was the second prototype for the 1982 Tax Delinquent Housing Program co-sponsored by Land Bank and the Attorney General's Office.
Total Costs: \$287,800
Land Bank: \$149,000 under Tax Delinquent Housing Program
Others: City's CDBG funds and private equity.

Burton Court

Boston/Roxbury
Christians for Urban Justice
Residential: Once a "Children's and Aged Females Home" in the 1800's which was owned by the City after tax foreclosure. The developer obtained control of the property and is creating seven 2-5 bedroom units of cooperative housing for low and moderate income people.
Total Costs: \$415,000
Land Bank: \$310,000 under Tax Delinquent Housing Program
Others: Boston's Neighborhood Development and Employment Agency

Caledonian Building

Holyoke
E. Denis Walsh & Associates
Commercial: A five-story structure, built in 1874, which has been restored as a commercial building containing 20,000 square feet of office space.
Total Costs: \$1.6 million
Land Bank: \$875,000
Others: City loan, facade improvement grant, and developer's equity.



Brightwood Main Street

Crane School

Pittsfield

Crane School Associates (Roberts Builders, Inc. of Amherst & Berkshire Housing Development Corporation)

Residential: Conversion and adaptive reuse of a 1912 public elementary school. Will provide twenty-eight 1 and

2 bedroom apartments, with 30% reserved for low and moderate income people.

Total Costs: \$840,500

Land Bank: \$673,500 under Rental Housing Rehab Competition

Others: City and developer's equity.

"We are extremely grateful for being chosen to participate in a Land Bank program. The Land Bank staff has been helpful and responsive throughout the process and is obviously committed to the mission and goals of the agency. Our project will have a very positive impact on the neighborhood and will be an asset to the City of Pittsfield and to the Land Bank. Thank you for making it possible. It would not have happened without you!"

Peter J. Lafayette, President

Berkshire Housing Development Corporation

Dudley Street (375-385)

Boston/Roxbury

Nuestra Comunidad Development Corporation

Mixed-Use: Purchased from the City as a fully-occupied tax foreclosed building containing nine units of low-

income housing and three ground floor retail units (1500 s.f.).

Total Costs: \$291,755

Land Bank: \$266,440 under Tax Delinquent Housing Program

Others: The Enterprise Foundation

"We laud the Land Bank for its innovative approach to community development. We are particularly impressed by the Land Bank's financing of mixed-use projects. The Land Bank is to be commended for the work it has done."

Melvyn Colon, Executive Director

Nuestra Comunidad Development Corporation

Fenway Little City Hall

Boston

Fenway Community Development Corporation & OKM-Abrams

Residential: Historic landmark, built in 1904, will be rehabilitated as a limited equity housing cooperative containing 46 mixed-income units.

Total Costs: + \$3 million

Land Bank: \$850,000 under Rental Housing Rehab Competition

Others: UDAG, co-op shares, syndication proceeds, Neighborhood Development Fund, and the Browne Fund.

"The Land Bank staff...has seen this project through many changes, as the concept shifted from rental to cooperative housing, and from a single developer to a joint venture. Gradually, the first overly complex financing plan became simpler and more manageable. FCDC wishes to thank both Board members and staff for their efforts in securing this essential financing."

Mathew Thall, Administrator

Fenway Community Development Corporation (FCDC)



Crane School

Garrison Inn

Newburyport
James O. McFarland
Commercial: This Inn, built in 1809, had been closed for 40 years before its successful conversion to twenty-four guest rooms, two restaurants, a conference room, and a pub. Since its re-

opening in 1982, 30 people have been employed and over 15,000 guests housed.

Total Costs: \$1.3 million

Land Bank: \$900,000

Others: City and developer's equity.

"One of the strong points of the Land Bank has been its follow-up. No other bank from which we borrowed has ever had any follow-up. The input and expertise of the staff has made Garrison Inn more successful."

James McFarland, Developer

Head of the Harbor

Gloucester
Land Bank as Public Developer
Industrial: 4.1 acre site in Gloucester's Inner Harbor was prepared for development as a fresh fish processing center. Included dredging the harbor, constructing a retaining wall, filling the site, and building an offloading platform. Project today has

four building sites, a sea wall, offloading docks, dredged boat access, and an award winning waterfront park. John B. Wright Fish Co. and Steve Connolly Seafoods are constructing a \$1.5 million fish processing plant on the largest of the four parcels, while negotiations are ongoing for the other three. When completed, the four

"The involvement of the Land Bank has proven to be the single most important element in bringing the project to fruition. For a variety of reasons, the project was stalled for more than a decade. Financial participation by the Land Bank was the catalyst to make it go."

John R. Leigh, Executive Director
Gloucester Redevelopment Authority

Harvard Street (184-188)

Cambridge
Interplan Development Corporation & Homeowner's Rehab, Inc.

Residential: A former mixed-use building, boarded-up for over ten years, is being renovated into a seventeen family mixed-income rental development.

Total Costs: \$1,250,000

Land Bank: \$720,000 under Rental Rehab Competition

Others: City's CDBG funds, syndication and developer's equity.



plants will result in more than 225 new full-time jobs.

Total Costs: \$3.1 million

Land Bank: \$675,000

Others: City, Gloucester Redevelopment Authority, and the State Executive Office of Environmental Affairs.



Garrison Inn

Lechmere Canal

East Cambridge
City of Cambridge

Commercial: The City worked with the Land Bank to acquire, assemble, and market several parcels of land for public improvements and private redevelopment in the "Lechmere Triangle". A \$30 million office building is presently being developed on one of

the parcels by the Marcus Organization of New York.

Total Costs: \$12 million (includes acquisition, demolition, relocation, and development of Canal Park)

Land Bank: \$2 million (acquisition and site preparations)

Others: UDAG, Massachusetts Department of Environmental Affairs

"In its initial stages, no one was more important than the Massachusetts Government Land Bank, for it provided the means to acquire property for development without the need for an appropriation from tax sources. The ongoing development of the area is testimony to the value of the Land Bank as a stimulus to development."

James L. Sullivan, President
Greater Boston Chamber of Commerce
Former City Manager of Cambridge

Norfolk Terrace

Boston/Dorchester
Codman Square Housing Development Corporation

Residential: Renovation of three abandoned, tax-foreclosed buildings creating seventeen one-to-four bedroom apartments with parking and a

'tot lot'.

Total Costs: \$446,290

Land Bank: \$217,702 under Tax Delinquent Housing Program

Others: Neighborhood Development and Employment Agency and developer's equity.

"This project which turned a significant parcel in our neighborhood into rental housing has become a model for turning a neighborhood around in a city. Some of the greatest observations come from the joy and pride that tenants have expressed in their homes through planting flowers and gardens, supervising the play area, and participation in regular tenant meetings."

William H. Jones, Executive Director
Codman Square Housing Development Corporation

Mid-Town Plaza

Springfield
Mid-Town Plaza Partnership

Commercial: Rehabilitation of a neighborhood shopping center in a predominantly minority area to provide approximately 24,300 square feet of retail space for community oriented businesses, including a small food market, a bank, beverage store, restaurant, beauty and barber shops.

Total Costs: \$850,000

Land Bank: \$205,000

Others: Equity, six local lenders, UDAG, City of Springfield, Springfield Economic Development Corporation, and Massachusetts Community Development Finance Corporation.

One Market Street

Lynn
C.H.S. Realty

Commercial: Three-story building in City Hall Square rehabilitated into 18,000 square feet of commercial space.

Total Costs: \$868,195

Land Bank: \$616,122

Others: City's Department of Community Development and developer's equity.



Norfolk Terrace

Old Library Professional Building

Lawrence
The Hanlan Group, Ltd.
Commercial: Restoration of The Old
Library, constructed in 1892, to 17,660

square feet of professional office
space.
Total Costs: \$1.2 million
Land Bank: \$600,000

Others: City, Department of Environ-
mental Management, and private eq-
uity.

"The City of Lawrence has been involved with the Land Bank on two projects
which have been very beneficial to the revitalization of the downtown area of the
City. One of these is the Old Public Library. I am most grateful to the Land Bank
and its intelligent and cooperative staff for their excellent work in our City. We are
benefiting greatly from their wise counsel."

John J. Buckley, Mayor
City of Lawrence

Perce and Preston Mills

Boston/Dorchester
Perce Mills Associates
Industrial: Conversion of two
former Baker Chocolate mills to 80
apartment units which will eventually be
Total Costs: + \$6 million
Land Bank: + 2 million (rolled over)

from initial \$3.3 million investment in
Phase I, conversion of the Adams Mill)
Others: BayBank Harvard Trust,
Massachusetts Industrial Finance
Agency, UDAG, Neighborhood Devel-
opment and Employment Agency, and
equity syndication proceeds.

"The Massachusetts Government Land Bank has played an important role in
the revitalization of Boston's economic base as well as its housing stock.
Working in partnership with our city agencies, the Land Bank has created new
opportunities...and facilitated affordable housing. I look forward to another
years of Land Bank creativity and responsiveness as we work to expand
housing and job opportunities for Boston area residents."

Thomas L. Flynn, Mayor
City of Boston

State Fish Pier

Land Bank as Public Property Man-
ager and Developer
Industrial: Upon the completion of
the Head of the Harbor project in
Gloucester, the Executive Office of
Environmental Affairs asked the Land
Bank to manage temporarily the State
Fish Pier adjacent to the site. For the
past few years, the Land Bank has
employed a Pier Manager and Mainte-
nance Engineer to supervise all oper-
ations. The redevelopment of the Pier
is another area of Land Bank involve-
ment. Consultants are preparing a
plan for renovations and future fishery
uses including vessel berthing and
services, fish processing and offices.

State Fish Pier

Joe Maccarone
and Ray Shaw



Scattered Site Housing

East Somerville

Joint venture between Land Bank and Somerville Corporation

Residential: Thirteen factory built modular townhouses erected on three

vacant tax delinquent lots. The Land Bank, as public developer, purchased the parcels from the City, prepared the sites and bought and installed the homes with \$630,500 of its money.

Low-interest single family mortgages, between \$45,900 and \$51,300, were available from the Massachusetts Housing and Finance Agency, as well as conventional lenders.

"The human story of this effort is most important. The owner-occupant families have stabilized their blocks and encouraged other families to stay and improve their houses...neighboring buildings have come back to life following the investments by Somerville Corporation and the Land Bank there."

John Hixson, Somerville Corporation

Summer Street Co-Ops

Lawrence

Covenant Housing, Inc. (South Church in Andover & Spanish Evangelical Church of Lawrence)

Residential: Rehabilitation of twelve large rental housing units which will

become cooperatives in an effort to provide homeownership opportunities for moderate income families. One of the two buildings had been owned by the City due to tax foreclosure and was purchased by the developer for \$1.

Total Costs: \$416,680

Land Bank: \$250,000 under Tax Delinquent Housing Program

Others: CDBG funds, syndication proceeds, and private donations.

"The Land Bank has become a great ally in our quest to provide affordable housing in Lawrence. The staff has been insistent on thoroughness and resourceful at every juncture. We have found the relationship cooperative and internally beneficial...Thank you for making available your quality staff to go beyond approving but rather to be invested in the success of our community development project."

Reverend Westy A. Egmont, Covenant Housing, Inc.



8 Terrence Street

Springfield

Northeast Building Specialties, Inc.

Residential: Renovation of two adjoining structures which will provide a total of 56 moderately priced rental units. One of the buildings is presently owned by the City due to tax foreclosure.

Total Costs: \$1.7 million

Land Bank: \$500,000 under Tax Delinquent Housing Program

Others: UDAG, CDBG funds, and developer's equity.

Triangle Homeownership

Lowell

The Coalition for a Better Acre & Lowell Jaycee Corporation

Residential: Project encompasses twelve parcels of vacant land and six abandoned buildings. Redevelopment of the properties will create 18 rehabilitated units and 20 new modular units.

Total Costs: \$1.9 million

Land Bank: \$235,000 for acquisition

Others: Aetna Life and Casualty Insurance Co., First Bank, City of Lowell CDBG funds, UDAG, and Lowell Development and Financial Corporation.

Where They Are Now



The following people, who have played an important role in the history of the Land Bank, and their present day affiliations are listed below in the order of appearance in this Report.

John E. Drew, President, JDC, Inc.

L. Edward Lashman, Director of External Projects, Harvard University

Richard R. Kinnier, Director, Eastern Region, President's Economic Adjustment Committee

Hale Champion, Executive Dean, Harvard University, Kennedy School of Government

Richard H. Demers, Legislative Liaison, Massachusetts Community Development Finance Corporation

David Bartley, President, Holyoke Community College

William M. Bulger, President, Massachusetts Senate

Maureen S. Steinbruner, Director, Research and Studies, Center for National Policy (Washington, DC)

Con E. Howe, Director, Manhattan Office, New York City Planning Commission

Michael Westgate, Executive Director, Peddocks Island Trust

Brian F. Dacey, Vice President, Combined Properties, Inc.

Adele Fleet Bacow, Director of Design and Development, Massachusetts Council for Arts and Humanities

Timothy A. Bassett, Chairman, Massachusetts House Commerce and Labor Committee

Byron J. Matthews, Vice President of Development, Corcoran, Mullins, Jennison, Inc.

Who's Who



The people behind the Land Bank have been the key to the successes of the past decade. Beginning with those who served the Joint Commission on Federal Base Conversion and concluding with the past and present Boards of Directors and Staff, each of the individuals listed has been directly affiliated with the Land Bank. There may be others who, because of space limitations or lack of documentation, have been overlooked. To those persons listed or omitted, we extend our sincere gratitude.

The Massachusetts Government Land Bank

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Carolyn P. Partan, Vice Chairman
Lawrence C. Sullivan, Secretary

Members

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Alfred W. Archibald
H. James Brown
Frank T. Keefe, ex officio
Edward C. Maher
Rev. Frank J. Parker
Alden Raine (for Frank Keefe)
Richard W. Reynolds
Michael Tierney (for Amy Anthony)

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Maurice N. Katz
Byron T. Matthews, ex officio
Charles E. Mitchell
Richard A. Skerry, Jr. (for Edward Hanley & David Bartley)
Linda A. Whitlock

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William Bulger, Senate Chairman
David Bartley, House Chairman
Richard Demers, House Chairman

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Michael Schaaf, *Project Manager*
Laura Wiener, *Project Manager*
Mary C. Findley, *Budget Administrator*
Susan E. Schumacher, *Communications Manager*
William M. Sommer, *Mortgage Administrator*
Carol Casendino, *Administrative Assistant*
Patricia Fleming, *Administrative Assistant*
Joseph P. Maccarone, *State Fish Pier Manager*
Raymond Shaw, *State Fish Pier Maintenance Engineer*

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Con E. Howe, Executive Director
Adele Fleet Bacow, Deputy Director

Treasurers

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Herbert Kassman
Clinton Bourdon
George Robertson
Alvin Moore
Barbara Rose
Gail Soares
Marie Rice
Mary Findley

Task Force Coordinators

Elliot Friedman, Boston/Chelsea
Herbert Shanker, Otis
Vince McGovern, Westover



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Massachusetts
Government Land Bank



The Land Bank provides cities, towns, non-profit organizations and private developers with mortgage and development assistance to implement real estate projects that serve a clear public purpose but which lack sufficient public and private investment. Created by an act of the Massachusetts Legislature in 1975, the Land Bank is an independent state agency governed by a board of directors appointed by the governor.

This issue of our Annual Report is dedicated with respect and thanks to Mary Findley, on her retirement. She has served the Land Bank with distinction since our opening day.

From boom to miracle

The Massachusetts Government Land Bank is investing public dollars to bring the benefits of our economic and real estate boom to all the people in Massachusetts.

We are developing new approaches for people who need affordable housing and deserve the security of home ownership . . . young people, working families, and new immigrants. The social stability and cultural vitality of communities all over the state depend on creative housing solutions for these citizens.

We are helping to create new facilities and expansion opportunities for resource-based industries, such as seafood, forest products, and agriculture, that need room to prosper. There are entrepreneurs in every sector of the state economy who have the potential to become major employers if given assistance that may not be available through the private market. A diversified industrial base—our protection against economic earthquakes—depends upon the success of these industries as much today as it did two hundred years ago.

There are regions outside the Route 128 area that have been hurt by corporate relocations and economic restructuring. They represent the future of Massachusetts, the areas where the greatest growth in employment may well come in the next decade.

In short, we are working hard to deliver Governor Dukakis' vision of economic opportunity for every Massachusetts resident in every community.

Because rising real estate costs are a result of economic revival, much of the opportunity to broaden the benefit lies in balancing the public requirements and real estate reality. Using land to foster opportunity and industrial growth. Encouraging development of distressed and surplus properties. Applying real estate expertise—in financing, development, construction, and management—in pioneering projects that serve the public good.

These are the special mandates of the Massachusetts Government Land Bank.



An unusual organization filling many roles

A unique mission in economic development requires an unusual organization, a partnership of public and private interests with authority to play diverse roles in the real estate process.

The Land Bank was created by the Legislature with the funding and authority to serve as lender and, where appropriate, as public developer. Over the

years, we have become a recognized source of information on public-oriented real estate and a respected developer in some of the most complex projects in the state.

Lender, developer, consultant . . . the Land Bank plays all those roles, with significant differences from the private sector.

As a lender, the Land Bank offers fixed-rate, permanent loans, with below-market rates and terms. This stable financing is an important ingredient

From crisis management to proactive leadership

The Land Bank was created as a response to crisis.

In 1975, the Commonwealth faced the closing of three military facilities that threatened 5400 civilian jobs and presaged disaster for the local areas. In those tough economic times, restoring this land to productive use was not an easy assignment. Faced with an immediate crisis, Governor Dukakis

and the Legislature chose to create an institution committed to long-term economic development. As in many of his other initiatives, the Governor's hope was that the Land Bank would not only respond to the existing crisis, but would also provide creative leadership in diverse real estate related issues.

This thoughtful approach and clear vision has been rewarded with results that exceed expectations. After the military bases had been transformed into such economic assets as the

Boston Marine Industrial Park and Air Park West, the Legislature expanded the Land Bank's mandate in 1979 to include distressed or surplus properties throughout the state.

Today, the Land Bank maintains a portfolio of over three dozen innovative real estate projects. We have written \$30.2 million in below-market rate mortgages that have

Today's initiatives

Recapitalization provides an infusion of capital for a number of programs that are already well underway. We will continue to fill our diverse roles, with special emphasis today on joint venture partnerships in which we provide technical assistance, project management, and financial underwriting in a number of new initiatives.

affordable housing and a key success for growing firms and regions. We are not only willing, but also mandated to take higher risk when the potential return to the public is great.

As a developer, the Land Bank translates the private investment opportunities of real estate into a public benefit with measurable economic impact and regional rebirth. In particular, we seek joint-venture

partners in public-based real estate developments. The potential public return is high. In some projects, the risks have discouraged private developers; in other cases, the technical and organizational complexities have been too great.

Given the power to own land, the Land Bank has exercised this option as a way of transforming small lots into large parcels of significant public importance. This action—taken, for example, in the development of Lechmere Canal in Cambridge—can protect publicly significant

property, and buy time for public organizations to develop proposals that can leverage public interests from private investments.

Finally, the Land Bank provides technical support and expertise when non-profit institutions and new developers need assistance in completing projects that fit our criteria. In this “consultant” role, the Land Bank responds to individuals

and organizations forging ambitious plans based on reasonable assumptions and expectations. Real estate is a fast-moving business. With our own equity, we can initiate and commit to projects without deal-busting delays in internal review.

stimulated construction or rehabilitation of 1300 units of affordable housing, 780,000 square feet of commercial space, and 4.1 million square feet of new industrial space. All of which has helped create or retain 8200 permanent jobs.

In 1987, in recognition of the unique ability of the Land Bank to execute real estate projects of far-reaching public significance, Governor Dukakis and the Legislature provided a major infusion of new capital to

support the Land Bank's missions. This resulted in a \$32 million bond offering, successfully concluded in December 1987. This marks the beginning of a new era for the Land Bank.

The Co-op Initiative is one answer to the housing problem, applying a real estate approach that is less frequently practiced in New England but proven successful elsewhere. With limited-equity co-ops, the residents pay rent to cooperatives of which they are shareholders. There are incentives for better maintenance and individual responsibility. Rents rise gradually with increases in actual operating costs, not because of speculation.

Subsidized in a number of ways, limited-equity co-ops provide an affordable housing option that offers long-term security, community ties, and a sense of control over one's housing. For conventional lenders, this option provides a new, untapped market.

The Land Bank's **Building for Industry** program seeks to provide catalysts for economic

growth in areas of high unemployment and low incomes. The chief features of each project in this program are economic impact, public support, and the potential for a chain reaction of benefit throughout the area.

Under the program, the Land Bank is supporting three types of projects: industrial parks; multi-tenant buildings, including “incubators” for small businesses; and assistance for growing firms that demonstrate particular public benefits and economic impact.

Within these initiatives, and within the roles the Land Bank has played since 1975, there is an exciting diversity of projects and personalities. The next few pages profile a selection of our current efforts.

A whistle stop makes a big noise

Most of the imports from the Far East enter Massachusetts on container trains. Whether container-on-flatcar or trailer-on-flatcar, this method of shipping has given the word "efficiency" a whole new meaning.

The problem is, despite the improvement over earlier methods, it often takes longer for the containers to be unloaded in Boston than it does for the train to travel from San Francisco.

In 1985, executives from the Mass Central Railroad came to the Land Bank with an interesting idea: an intermodal (from train mode to truck mode) facility just east of Springfield, in Palmer. The company identified a location for an efficient operation with immediate access to major roads. Yet, as often happens with new businesses, no conventional lender was willing to give them the funds they needed to construct the yard.

The Land Bank saw a young, expanding company with an idea that would not only generate increased employment, but would have a catalytic effect on various businesses and industries throughout central Massachusetts. In every respect, the

*An inland port;
N.E. Intermodal Terminal, Palmer.*

proposal fit the guidelines of the Land Bank's Building for Industry program.

And by any measure, the New England Intermodal Terminal has become a bustling "inland port," and has justified the Land Bank's support. Ten Pacific Ocean carriers, from Japan, Hong Kong, Taiwan, and Australia are using the facility because container loads that might have waited four days in Boston are regularly being unloaded in Palmer in fifteen minutes. The company is exceeding its projections, providing new, well-paying jobs, and stimulating additional development in the Quabog Valley.

From whistle stop to hub in a couple of years . . . that's good news for the Mass Central Railroad, Palmer, and New England.



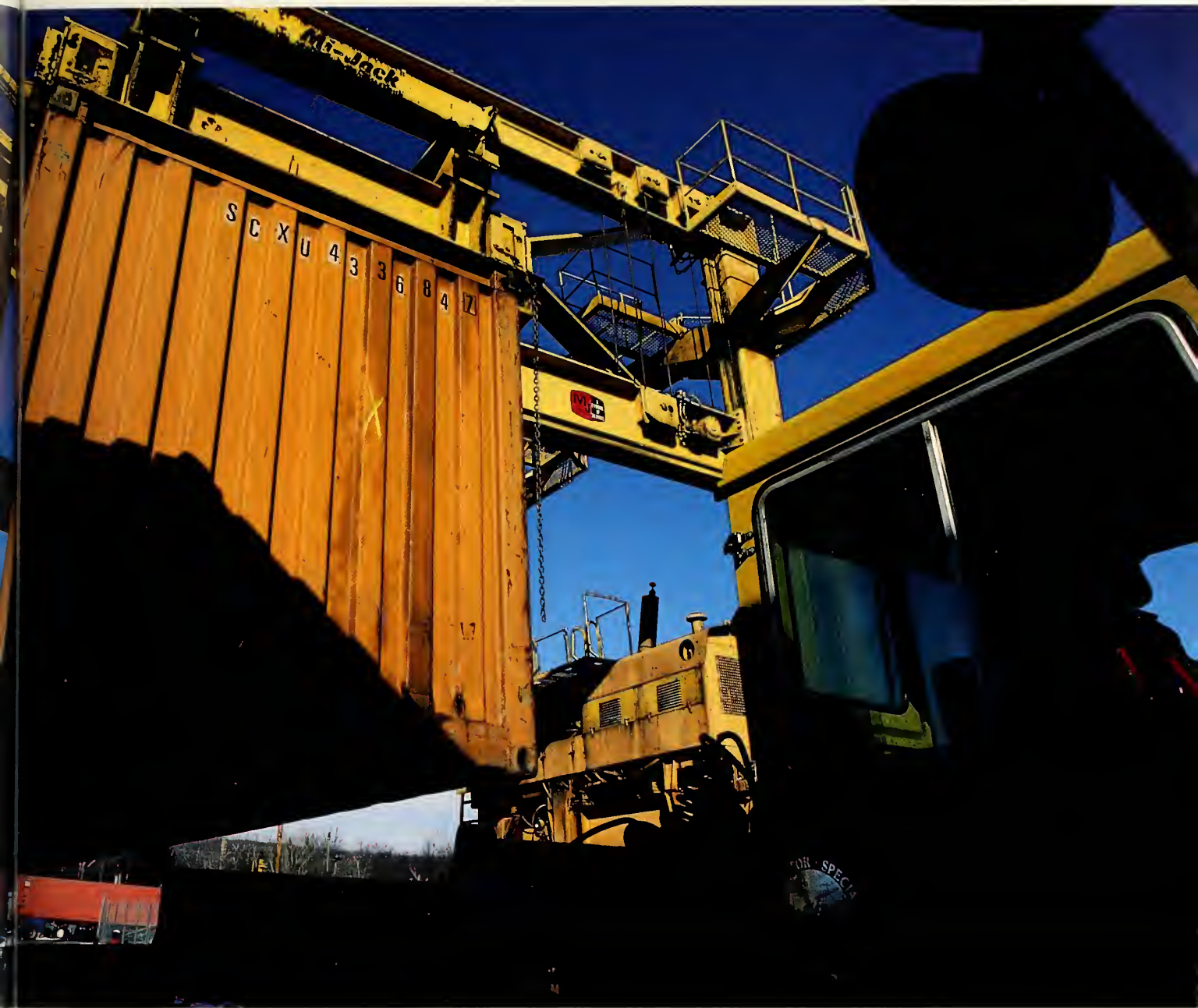
*Emerging growth companies;
An investment in the future.*



Good ideas get a strong head start

In Massachusetts, small manufacturers share a common problem: finding affordable space to work in, and holding on to it.

These are small companies that make the things we cannot or do not want to live without: clothes, sports equipment, garden tools, jewelry boxes, plastic packaging. Usually the founders and owners of these companies are working side-by-side with the employees. The companies are lean, efficient



operations, providing a diversified economic base, creating new jobs, and building a loyal workforce.

The Land Bank is currently investigating sites in recovering regions of the state for a new way to give these companies a head start. Called small business "incubators," the concept includes not only industrial space at below-market rents and some shared office equipment, but also expert assistance on business planning and strategic decision making. The concept may eventually

include access to debt and equity financing so often inaccessible to small, young firms.

The idea has worked for small service companies in downtown office buildings. It has worked for manufacturers in Europe. It is time to put it to work in the areas of Massachusetts that need jobs badly, in industries that already have ingenious entrepreneurs and hard workers.

Lower rents, business development assistance, access to capital . . . the incubator idea can help get a lot of young companies off the ground.

*Attention to detail;
A local furniture maker.*



A new look for a traditional industry

The Massachusetts furniture industry, after decades of restructuring, is ready to grow. Yet this industry, which has historically played such a major role in the state, still faces some obstacles: a shortage of skilled labor and, above all, a lack of modern production facilities.

At the same time, becoming a player in the world market requires that local manufacturers work together to train employees, market their products, and capitalize on the full potential of the industry.

A promise fulfilled on Carol Avenue

In 1984, the City of Boston issued over 200 building code violations to four over-crowded, deteriorating buildings on Brighton's Carol Avenue. While community advocates, the City, and the owners argued, private developers were lining up for yet another upscale condo conversion.

The likely result would have been displacement for the hard-working families that were living there at the time.

Fortunately, the Allston-Brighton Community Development Corporation (ABCDC) stepped into the fray and came away with the deed. With financing and technical assistance from the Land Bank and private lenders, and active assistance from City Hall, ABCDC renovated the buildings. In the process, they transformed a clash of interests into the American Dream for both long-time residents and immigrant families that were unable to meet the neighborhood's soaring prices.

Financed through the Land Bank's Co-op Initiative, the Carol Avenue Co-op offers the advantages of limited-equity home ownership to low-to-moderate-income people. The

*Secure homes for working families;
Carol Avenue, Brighton.*

down payment was less than a condo alternative. And when or if one of these families decides to move, it will sell its shares back to the co-op.

The Land Bank is financing limited-equity co-ops because they provide what many working people have despaired of achieving: control over their housing costs. Security for their families. A say in the future of their neighborhoods.

And if a secure home and local control aren't the foundation of American community life, it's hard to imagine what is.



The Land Bank's proposed solution is the Gardner Industrial Park—50 acres at the intersection of Routes 2 and 2A devoted primarily to the furniture makers and other related companies in the secondary wood products industry.

At present, the surviving companies of Gardner's once flourishing wood products industry are scattered across the area,

many of them in outdated structures with no room to expand or to inventory lumber.

The Gardner Industrial Park, similar in concept to the successful furniture center in High Point, North Carolina, could offer development sites for larger companies, multi-tenant space for smaller concerns, and shared resources such as a coordinated marketing effort and a showcase retail area.

Furniture building and millwork is more than an industry. It is a craft as well, using skills that are part of our common

heritage. A major new furniture center in western Massachusetts, supplied by the inexhaustible hardwood forests of the Northeast, could become not only the economic answer for the City of Gardner, but could bring the phrase "Made in Massachusetts" to homes all over the world.



How a garden grows

Much of the high quality of life and strong values we associate with Massachusetts depends as much on agriculture as it does on high tech.

Increased job opportunities, preservation of open space, and environmentally sound uses of land—not to mention an abundance of fresh food—are just a few of the reasons that we all share a big stake in the farming industry.

That's why the Legislature specifically set aside 35 acres within the Worcester Biotechnology Park for development of a farmer's market. The Department of Food and Agriculture (DFA) planned a market to be used by growers, farm-stand operators, retail grocers, institutional food services, and the general public.

In early 1987, the Department of Food and Agriculture came to the Land Bank for assistance in planning and constructing this facility. Ultimately, the Land Bank may play a larger role in bringing this project to fruition.

*Sorting the catch;
Head of the Harbor, Gloucester.*



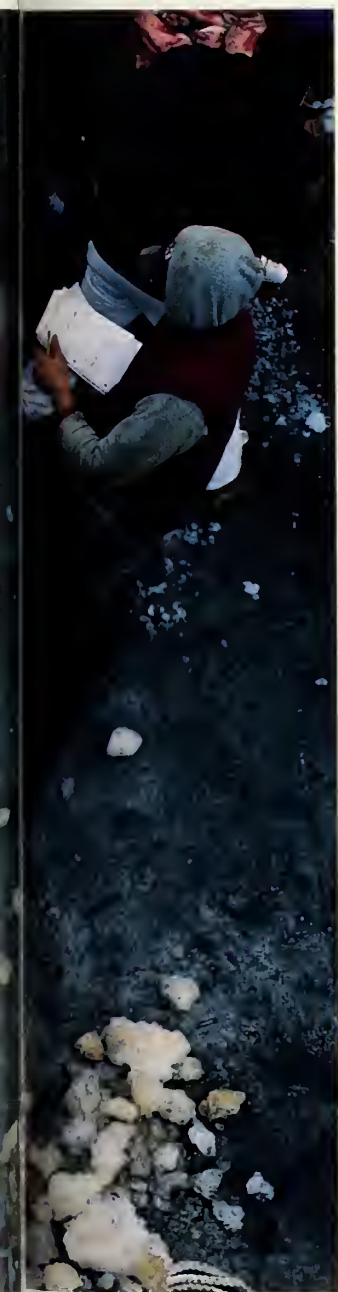
a fulfilling their roles as technical advisors, the Land Bank and DFA are conducting a feasibility study to determine the volume of produce that might reasonably be expected to pass through this facility. This study will allow for a business plan, a market design and physical plant based on a sound economic analysis. A successful Farmer's Market may lead to other development on the site, such as office facilities for cooperatives and growers, space for makers of value-added products, such as cheese and

yogurt, and a restaurant that could honestly advertise its salad as "garden fresh."

One thing remains certain. Whatever the final answers to these questions, the Worcester Farmer's Market has the potential for a major revival in Massachusetts truck farming. And that, for all the reasons above, amounts to a lot more than a hill of beans.



*Fresh food for sale;
New markets for local produce.*



Reviving a piece of the New England legend

The Pilgrims of Plymouth, the Minutemen of Lexington, the fishermen of Gloucester . . . almost every schoolchild in the country has read about these legendary Massachusetts figures. The only difference among them, of course, is that the pilgrims and minutemen are long gone; the fishermen remain.

But, through the seventies, the Gloucester fishermen were facing almost as many challenges in port as they were on the Outer Banks. The piers were crumbling, the freezers were ancient, and 4.2 acres at the Head of the Harbor that had been set aside for waterfront revival were becoming a symbol for frustration.

Despite a common commitment from the industry, neighbors, the City of Gloucester, and various state agencies, no one had yet been able to forge a plan and a satisfactory compromise.

The Land Bank provided the missing links. As a development entity that all the parties trusted and respected, it provided the additional funds necessary to begin work and the expertise to manage a complex development project.

Since 1981, the Gloucester fishing industry has witnessed the transformation of the harbor and the preparation of four waterfront sites suitable for construction. The Land Bank's local partner, the Gloucester Redevelopment Authority, sold these parcels to three fishery companies. Today, the Head of the Harbor Seafood Industrial Park has added 40,000 square feet of processing space and a 10,000 square foot chandlery to the waterfront. New firms are breathing life into the industry.

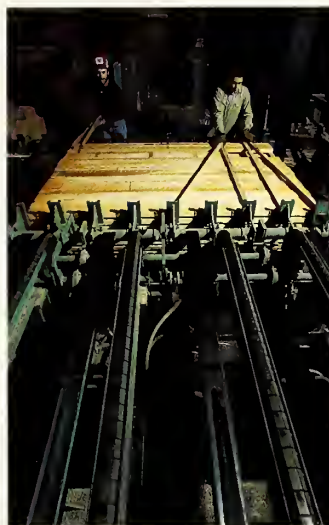
Modern plants at the Head of the Harbor have become a beacon for the fishermen of Gloucester. With them, hundreds of jobs and millions of dollars worth of business have been protected and enhanced.



**Adding value to a natural
resource**



*Checking moisture content;
Hardwick Kilns.*



*Preparing wood for kiln drying;
Hardwick Kilns.*

Some Massachusetts residents may not appreciate the potential economic power that grows on trees. . . maple trees, cherry trees, oak and ash.

The fact is, adding value to these natural resources represents a significant opportunity for Massachusetts companies. There is a growing international demand for top quality hardwoods for furniture, millwork, and construction.

As part of its Building for Industry program, the Land Bank is providing a senior mortgage to Hardwick Kilns, a subsidiary of North Atlantic Timber and Shipping Co., to pay a portion of the building cost for a new planing and molding facility. This financing will help Hardwick Kilns expand its capacity to meet growing demand and to enter new markets.

Adding value to natural resources within Massachusetts means that jobs are created at home, not shipped abroad with the profits. Expanded planing capacity increases demand for kiln capacity, creating more jobs and greater investment. Loggers and forest product companies all over Western Massachusetts will gain a larger market. Woodlot owners—in some cases farming families with modest incomes—will gain an opportunity to get the highest dollar for their natural resources.

The Hardwick Kilns expansion is a vital project with tremendous potential. It strengthens a resource-based industry in a rural part of the state. And it all begins with some things we have in abundance: skilled lumbermen, an entrepreneurial spirit, and trees.

The Land Bank in the future

With the current initiatives, the Land Bank hopes to fulfill the real promise of Massachusetts' rebirth. Our recapitalization gives us the financial strength and renewed political mandate to play a catalytic role as lender, consultant, and developer.

In the next few years, while managing the current portfolio of loans and properties, we will continue to search for and support new opportunities for public-based real estate development.

We anticipate a number of joint venture partnerships in these efforts. With municipalities and towns that have distressed or surplus property. With non-profit institutions that need expert advice and technical assistance, as well as financing. With individuals and community groups who share a commitment to provide affordable housing opportunities for long-time residents and newcomers alike.

We're looking for entrepreneurs with business ideas, or companies that need help expanding. We want to talk to banks and other financial institutions that are seeking new markets, high-visibility, and innovative lending opportunities.

In short, we want to work with individuals and groups that are building for the public good and common wealth.

Board of Directors

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Secretary

Reese W. Fayde

Paul A. Archibald

H. James Brown

Susan Y. Friedman

F. Tenney Lantz

Louis S. Moore

Alden Raine

for Frank T. Keefe, ex-officio

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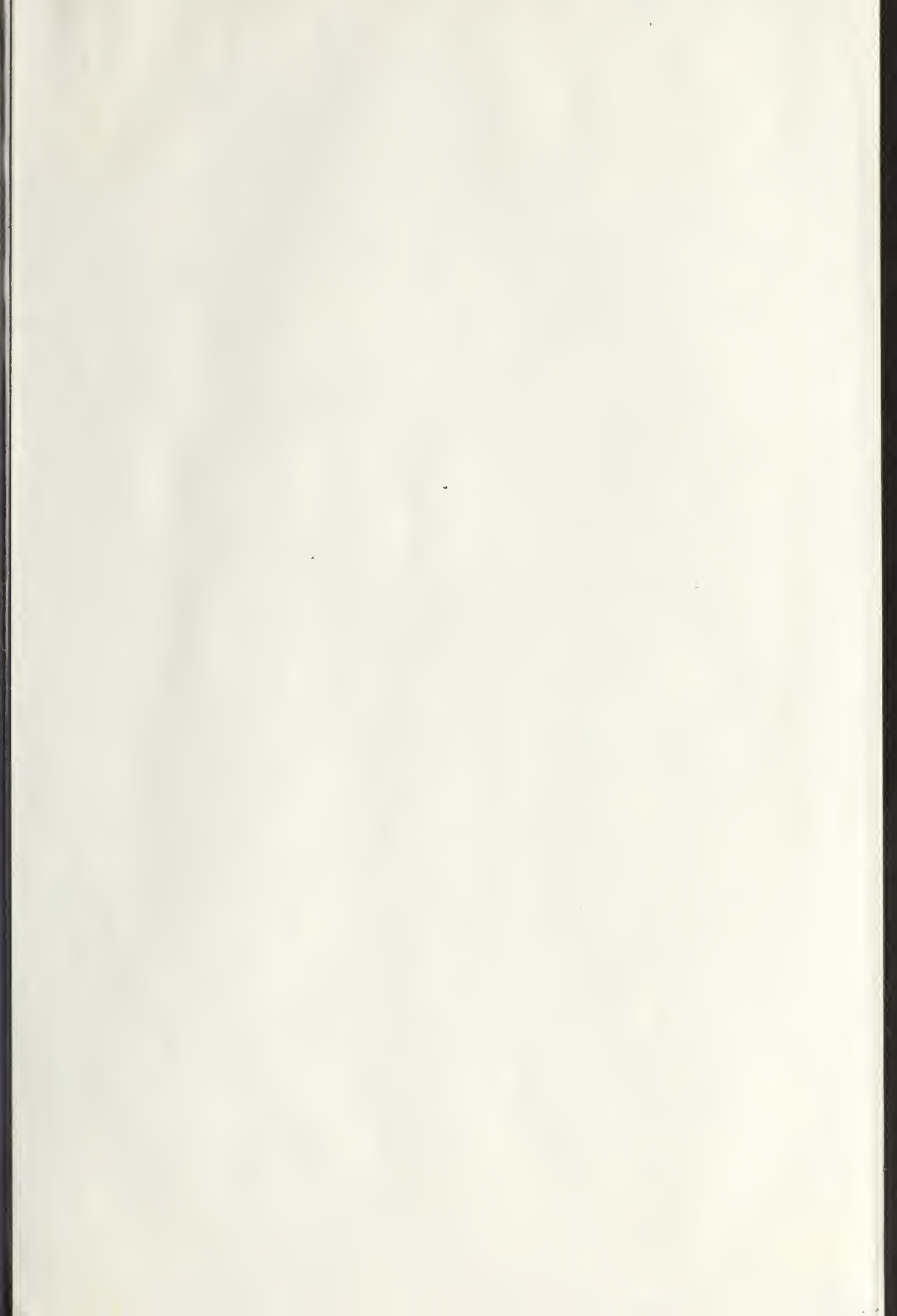
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Timothy A. Bassett
Executive Director

**LAND
BANK**

The Massachusetts
Government Land Bank
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ACME
BOOKBINDING CO., INC.

NOV 28 1991

100 CAMBRIDGE STREET
CHARLESTOWN, MASS

**Government Land Bank
Financial Statements**

for the years ended
June 30, 1987 and 1986

**Government Land Bank
Balance Sheets**

	June 30,	
	1987	1986
Assets		
Cash and cash equivalents (Note B)	\$15,791,279	\$10,854,414
Accrued interest receivable (Note C)	132,102	491,306
Projects accounts receivable	17,166	17,757
Mortgages receivable, net (Notes C and D)	17,253,696	17,293,096
Payroll tax refund receivable	460	—
Projects in progress	113,863	51,322
Fixed assets, at cost less accumulated depreciation of \$52,611 in 1987 and \$73,508 in 1986	67,326	24,337
Total assets	\$33,375,892	\$28,732,232
Liabilities and Accumulated Deficit		
Accrued interest payable (Note E)	\$ 6,427,748	\$ 4,768,270
Bonds payable (including unamortized bond premium of \$24,925 in 1987 and \$27,256 in 1986 and unamortized bond discount of \$36,903 in 1987) (Note E)	27,934,416	24,213,230
Amount due to project	700	92,385
Note payable (Note G)	—	2,171
Other liabilities	148,856	41,026
Total liabilities	34,511,720	29,117,082
Commitments and contingencies (Note F)		
Accumulated deficit	(1,135,828)	(384,850)
Total liabilities and accumulated deficit	\$33,375,892	\$28,732,232

*The accompanying notes are an integral
part of the financial statements.*

Government Land Bank
Statements of Revenue and Expenses and
Accumulated Deficit

	Years ended June 30,	
	1987	1986
Interest income:		
Investment interest	\$ 750,950	\$ 950,635
Interest on mortgages (Note C)	1,449,916	1,292,080
	2,200,866	2,242,715
Interest expense (Note E)	1,829,079	1,974,548
Net interest income	371,787	268,167
Other income	78,675	47,932
Total income	450,462	316,099
Operating expenses:		
Salaries and related employee expenses	404,342	354,284
Rent and utilities (Note F)	77,033	48,898
Professional fees	111,726	77,046
Communications	36,914	32,608
Depreciation and amortization	24,157	24,551
Office expense	34,101	17,758
Insurance	25,584	26,446
Telephone	9,268	11,712
Travel	9,522	9,200
Repairs and maintenance	5,305	6,257
Other	12,918	10,091
	750,870	618,851
Excess of expenses over revenue before loan loss reserve	(300,408)	(302,752)
Loan loss reserve	450,570	—
Excess of expenses over revenue, net	(750,978)	(302,752)
Accumulated deficit:		
Beginning of year	(384,850)	(82,098)
End of year	\$(1,135,828)	\$ (384,850)

The accompanying notes are an integral part of the financial statements.

Government Land Bank
Notes to Financial Statements

The Government Land Bank (the "Bank") is a public instrumentality created in 1975 by Chapter 212 (as amended) of the Massachusetts General Laws. Its purpose is to aid public agencies or private enterprise in the conversion and redevelopment of surplus federal property within Massachusetts, surplus state property, and blighted open, decadent or substandard property. The Bank receives no operating appropriation from the Commonwealth of Massachusetts but has access to forty million dollars of Commonwealth of Massachusetts general obligation bonds and notes as a source for funding its projects and operating costs. Under Chapter 130 of the Acts of 1987, the Bank is authorized to issue up to \$40,000,000 of its own debt. The Commonwealth has pledged to provide \$6,000,000 in contract assistance for each of seven years beginning in fiscal year 1988 to pay for debt service obligations of the bank. The enabling legislation for the Bank expires July 1, 1994.

A. Significant Accounting Policies

Revenue Recognition Interest income is recognized as earned. For mortgages receivable with interest payments in arrears, the Bank continues to accrue interest until such time as the mortgage agreement is restructured. At that time, interest payments in arrears are aggregated with the outstanding principal balance and interest is accrued on the new principal balance.

Reimbursement for mortgage origination costs are recognized when the loan is closed and serve to reduce the related professional fees.

Depreciation Fixed assets consist primarily of office equipment, furniture and leasehold improvements, which are depreciated on the straight-line basis over an estimated useful life of 3-5 years.

Projects in Progress Costs, excluding Bank salaries and related employee benefits, which are incurred subsequent to the Board of Directors' project approval, are accumulated and capitalized until the project is completed or abandoned.

Government Land Bank
Statements of Changes in Financial Position

	Years ended June 30,	
	1987	1986
Funds applied:		
Excess of expenses over revenue—net	\$ 750,978	\$ 302,752
Items not requiring outlay of funds:		
Depreciation and amortization	(24,157)	(24,551)
Gain on sale of fixed assets	1,988	—
Funds applied to operations	728,809	278,201
Purchase of fixed assets	68,108	16,819
Increases in:		
Accrued interest receivable	—	87,258
Mortgages receivable	411,170	1,612,432
Projects in progress	62,541	11,658
Refund receivable	460	—
Decreases in:		
Notes payable	2,171	2,936
Other liabilities	—	108,956
Bonds payable	—	1,521,544
Amount due to project	91,685	—
	1,364,944	3,639,804
Funds provided:		
Sale of fixed assets	2,950	—
Decreases in:		
Projects accounts receivable	591	12,865
Accrued interest receivable	359,204	—
Increases in:		
Accrued interest payable	1,659,478	1,817,281
Other liabilities	107,830	—
Bonds payable	3,721,186	—
Loan loss reserve	450,570	—
	6,301,809	1,830,146
(Increase) decrease in cash and cash equivalents	\$(4,936,865)	\$ 1,809,658

The accompanying notes are an integral part of the financial statements.

Bonds Payable Bonds payable are recorded at date of issuance by the Commonwealth of Massachusetts.

Reclassification Certain amounts from the prior year have been reclassified for comparative purposes.

B. Restricted Cash and Cash Equivalents

At June 30, 1987 and 1986, respectively, cash of \$6,622,350 and \$5,893,872 was restricted for such purposes as specific mortgage commitments, repayment of certain bonds payable (Note E) and tax escrows.

C. Mortgages Receivable

All mortgages are secured by a first position relative to the underlying property except for a portion of one which is secured by a letter of credit.

During the fiscal years ended June 30, 1987 and 1986, the Bank restructured mortgages representing an aggregate investment, including accrued interest receivable, of \$2,349,822 and

\$2,244,111, respectively. Interest income related to restructured mortgages for the years ended June 30, 1987 and 1986 was \$197,114 and \$199,193, respectively.

Mortgages receivable are shown net of an allowance for loan losses of \$450,570 at June 30, 1987. The allowance for loan losses is established through a reserve for loan losses charged to expense. Loans are charged against the reserve when the Bank believes the collectibility of the principal is unlikely. The allowance is an amount that the Bank believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectibility of loans.

D. Outstanding Commitments and Mortgages Issued

The Bank was committed to issuing \$7,541,000 and \$5,765,609 of mortgages at June 30, 1987 and 1986, respectively. The Bank issued mortgages aggregating \$1,225,485 during fiscal year 1987 and \$3,833,898 in fiscal year 1986.

E. Bonds Payable

Under the terms of Chapter 212 (as amended) of the Acts of 1975, the Treasurer of the Commonwealth of Massachusetts is authorized to issue general obligation notes and bonds up to an aggregate sum of \$40,000,000 to carry out the purposes of the Bank. The obligation for the repayment of principal and interest to the bondholders rests with the Commonwealth. All principal and interest received by the Bank on the related mortgages receivable for the bonds classified as industrial development bonds are deposited into the Treasury of the Commonwealth and credited to the Government Land Bank Fund (GLBF).

To the extent that sufficient monies are not available in the GLBF to make scheduled principal and interest payments of the general obligation bonds and notes, a deficit will occur in the GLBF on the books of the Commonwealth. As authorized by the General Court and the Governor in Chapter 471 of the Acts of 1984, the deficit in the GLBF can be cured through an appropriation from the General Court or by a vote of the Bank's Board of Directors from reserves. The deficit in the GLBF as of June 30, 1987 was \$2,102,753 of principal and \$5,816,913 of interest in the Bank's behalf.

As of June 30, 1987 and 1986, the amounts outstanding of bonds payable issued by the Commonwealth of Massachusetts on behalf of the Bank includes the following:

	1987	1986
General Obligation Bonds:		
5.7% bonds due through 1998	\$ 3,524,178(a)	\$ 3,526,444(a)
6.4-6.75% bonds due through 1999	3,750,747(a)	3,750,812(a)
6.9-8.8% bonds due through 1999	4,000,000(a)	4,000,000(a)
7.75-9% bonds due through 1999	4,205,000(a)	4,205,000(a)
0-11.75% bonds due through 2002	710,964(a)	710,964(a)
14.125% bonds due through 2002	868,952(b)	868,952(b)
10.75% bonds due through 2002	583,652(b)	595,365(b)
5.75-8.75% bonds due through 2003	579,463(b)	594,302(b)
6.5-10.75% bonds due through 2004	552,500	552,500
5.5-9.6% bonds due through 2004	5,408,891	5,408,891
3.75-6.6% bonds due through 2006	779,339(c)	—
5.25-6.6% bonds due through 2006	802,163(c)	—
5.75-7.7% bonds due through 2002	2,168,567(c)	—
	<u>\$27,934,416</u>	<u>\$24,213,230</u>

(a) During the year ended June 30, 1984, the Commonwealth of Massachusetts issued \$5,961,391 of general obligation bonds which were applied to that portion of the deficit resulting from these bonds through June 30, 1984. This was applied to \$2,794,036 of unpaid principal and \$3,167,355 of unpaid interest. This \$5,961,391 reduced the \$40,000,000 in Commonwealth of Massachusetts general obligation bonds available to the Bank.

(b) These bonds have been classified as industrial development bonds (IDBS). Any principal and interest payments received by the Bank on the related mortgages receivable for these bonds are paid to the Treasurer of the Commonwealth.

(c) These bonds have been classified as private activity bonds.

All principal and interest payments received by the Bank on the related mortgages receivable for these bonds are paid to the Treasurer of the Commonwealth.

Installments due on long term debt, on a cash basis, during each of the five years subsequent to June 30, 1987 are as follows:

	Principal	Interest	Total
1988	\$1,471,507	\$1,871,386	\$3,342,893
1989	1,483,886	1,771,712	3,255,598
1990	1,498,055	1,670,806	3,168,861
1991	1,518,925	1,566,095	3,085,020
1992	1,543,860	1,457,451	3,001,311
	<u>\$7,516,233</u>	<u>\$8,337,450</u>	<u>\$15,853,683</u>

F. Rental Commitments

Effective October 1, 1986, the Bank commenced a five-year lease for office space with an annual rental cost of approximately \$111,000 plus variable assessments for real estate taxes and operating expenses. The Bank's existing lease agreement expired September 1, 1986. The Bank leased its office space for the month of September on a tenant-at-will basis.

Office rental expense was \$75,794 for the year ended June 30, 1987 and \$47,159 for the year ended June 30, 1986, which is net of sublease rental income of \$1,500 in 1987 and \$9,485 in 1986.

Minimum annual non-cancellable lease rentals for the five years subsequent to 1987 are as follows:

1988	111,000
1989	111,000
1990	111,000
1991	111,000
1992	27,750

G. Note Payable

The note payable consisted of a 12.5% installment loan payable for office equipment in monthly installments of \$284 ending February 10, 1987.

To the Board of Directors of Government Land Bank:

We have examined the balance sheets of Government Land Bank as of June 30, 1987 and 1986, and the related statements of revenue and expenses and accumulated deficit and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Government Land Bank as of June 30, 1987 and 1986 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Smith, Teuber & Hansen

Smith, Teuber & Hansen
Certified Public Accountants

September 17, 1987



